

ANNUAL REPORT

2014



UNEP Finance Initiative
Changing finance, financing change

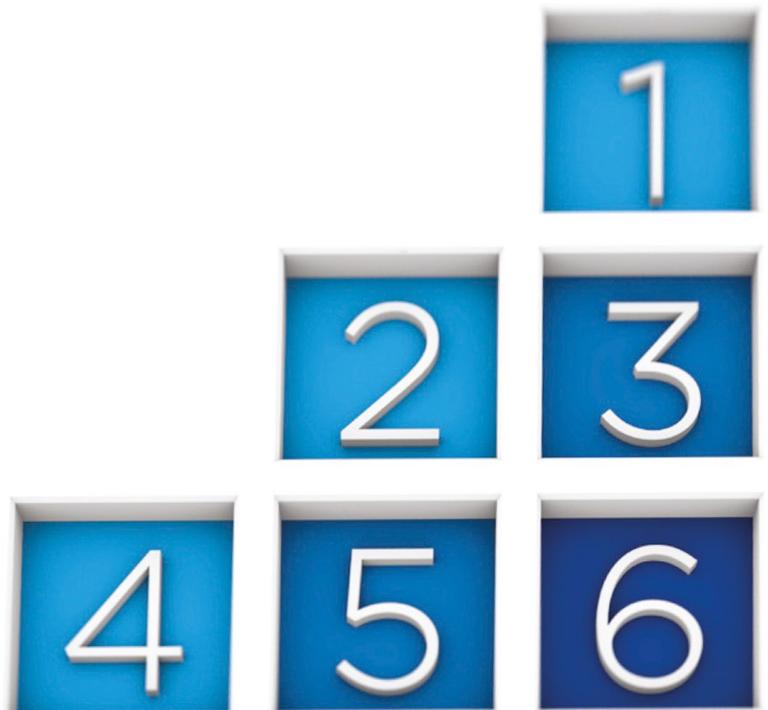


United Nations Global Compact

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

THE SIX PRINCIPLES

- 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.



ABOUT THIS REPORT

The 2014 PRI Annual Report was published in August 2014. It covers the activity of the PRI Initiative, including the PRI Advisory Council (Council), PRI Association Board (Board) and PRI Executive (Executive) between July 2013 and June 2014. The financial statements for PRI Association included in this report cover the year to end March 2014, the financial reporting year in the UK.

The PRI Association is a UK-registered not-for-profit company limited by guarantee. UK company number 7207947.

A full list of participants and organisations who have participated on PRI working groups and Steering Committees is available [here](#)

CONTACT

If you have questions or comments about this report, please contact the PRI at: info@unpri.org

An electronic copy of this report can be downloaded from: www.unpri.org/publications

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WORKING TO DELIVER VALUE TO SIGNATORIES

The last financial year has been a busy time for the PRI, we have seen near record growth in our signatory base. Assets Under Management (AUM) of signatories signed up to the Principles has surpassed US\$ 45 trillion. We have also begun our policy work, recently publishing a discussion paper on long-term mandates.

By far the PRI's biggest achievement however was the official launch of our new signatory Reporting Framework last October. For the first time this year, almost 800 signatories from over 30 countries have publicly disclosed their progress towards implementing responsible investment. Signatories will begin to receive their assessment reports in October. Whilst reporting has not been without its controversy, we are proud of the huge steps that have been taken towards transparency by investors on responsible investment.

In addition to the 14 collaborative engagements currently coordinated by the PRI, we recently launched a new engagement at the White House to align with the launch of the US Climate Data Initiative's food security project. This PRI-led engagement focuses on improving the disclosure and management of water risks in companies' agricultural supply chains and will focus on listed companies in the food, beverage, apparel, retail and agricultural product sectors globally.

PAVING OUR PATH FORWARD

The PRI is in the process of developing a new three-year strategy to guide our work between 2015 and 2018. The theme of our new strategy is moving from awareness to impact. With nearly 1,300 signatories, the PRI has played a significant role in raising awareness of responsible investment. However, signing on to a set of Principles is one thing, seeing impact from our work and assisting signatories to implement responsible investment across their portfolios is another.

There has been - and will continue to be - significant signatory involvement in this process. We have reviewed the feedback from this year's signatory survey carefully. Not all of our signatories are at the same level of understanding or implementation when it comes to responsible investment, and nor do we expect them to be. The PRI therefore needs to have a far more targeted approach to its work, tailored across regions, signatory types, size and level of sophistication. We also need to expand our presence geographically, in the United States and Asia-Pacific in particular. This will be a key focus over the next 3 years.

In parallel with our work on the new strategy, we must look at the signatory base resourcing and finances required to deliver on our growing programme of work. I look forward to continuing to gain insights from PRI signatories, ensuring the



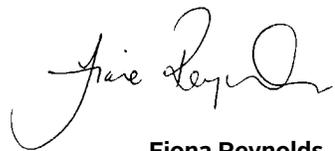
Fiona Reynolds
Managing Director
PRI

“I look forward to continuing to gain insights from PRI signatories, ensuring the programme of planned work meets their needs. We will ensure that communication channels remain open between signatories and the PRI as we continue our journey toward mainstreaming responsible investment.”

programme of planned work meets their needs. Additionally, I will ensure that communication channels remain open between signatories and the PRI as we continue our journey toward mainstreaming responsible investment.

I would like to take this opportunity to thank the wonderfully dedicated staff at the PRI for another solid year's work. It has been a year of change and not without its challenges. I would also like to thank the PRI Board and Advisory Council for dedicating so much time to the initiative and to taking on the task of reviewing and renewing our governance. Thank you to Wolfgang Engshuber, whose term as Chair of the Advisory Council ended in March this year, and a particular thank you to Glen Saunders, who will stand down as Board Chair in September, his assistance and guidance has been greatly appreciated. I also welcome Martin Skancke aboard and look forward to working with him.

Finally, thank you to all our signatories, particularly those of you who volunteer your time to participate in our collaborative engagements, working groups and steering committees. We have produced some great work this year, including a number of successful collaborative engagements, guidance documents and case studies across a range of topics with significant leadership in both the fixed income and private equity work streams that I encourage all signatories to review.



Fiona Reynolds

AN AMBITIOUS AGENDA FOR REFORM AND RENEWAL

“Joining in April this year as both Chair of the Advisory Council and member of the Board has given me an opportunity to review and reflect on the PRI’s progress. While the initiative has enjoyed remarkable growth since its inception in 2006, there is still a long journey ahead of us to mainstream responsible investment across the globe.”

Many of the challenges we face as investors relate to overcoming various principal-agent problems which exist between asset owners, their managers, and the managers of investee companies. Managers of companies can be incentivised to find a cost-effective, short-term solution to a problem that may not be in the long-term interests of the asset owner, who may care more about the sustainability of a broader set of assets, and the system itself, over a much longer time horizon.

Asset owners are often trying to address such problems through an investment manager and with the assistance of various service providers. This is why I think we will make greater progress towards responsible investing practise if asset owners, investment managers and service providers work together on these issues within the PRI. However, the PRI will not work at all unless its work remains relevant and attractive to asset owners.

REFORM AND RENEWAL

At last year’s Signatory General Meeting (SGM), the PRI announced plans to review its governance structure. I see this review as an imperative for the initiative – as do our signatories, which can be seen in the results of this year’s satisfaction survey. I would like to thank all signatories who have been involved in the review to date. We will be presenting the recommendations from the Advisory Council, guided by the feedback we have received from signatories, at this years’ SGM in September. I look forward to delivering a fit-for-purpose governance structure for the PRI that is built on the principles of transparency and accountability.



Martin Skancke
Chair
PRI Advisory Council

As outlined by Fiona, the PRI is in the process of setting out the strategy to guide our work in the 2015-2018 period. There will be significant signatory involvement in this process. We have also studied the feedback from the signatory survey carefully. In parallel with our work on the new strategy, we must look at the resourcing and finances required to meet the expectations you have. A revised model for funding the PRI will be presented to signatories at the SGM.

By the start of our next financial year on 1 April 2015, our aim is to have in place a new governance structure, a new three-year strategy and a revised funding model. This is an ambitious agenda for reform and renewal. It will require significant effort from the PRI and its governing bodies as well as input from and interaction with our signatories. I invite you all to contribute to this work.

FORGING CLOSER TIES WITH THE UNITED NATIONS

The past year has seen the Board, Advisory Council and Executive working hard to further strengthen ties with our UN partners. Through the collaborative projects, reports and initiatives outlined in this report, we have made considerable progress to building stronger relationships, including a joint Board and Council meeting in July of this year which was held at the UN Headquarters in New York. A continued close relationship with our UN partners has also been one of the guiding principles for the governance review.

Finally, I would like to thank Glen Saunders for serving as Chair of the Board and the value he has added during this time. Glen will be finishing his Board term in September this year, at which point I will step into this role, pending signatory agreement on a new governance model. Wolfgang Engshuber finished his term as Advisory Council Chair in April, and I thank him for his contribution to the PRI during his time. I would also like to thank Else Bos (PGGM), John Oliphant (GEPF), Luciane Ribeiro (Santander Asset Management), Marcel Barros (PREVI), Paul Abberley (Charles Stanley & Co. Limited) and Priya Sara Mathur, Advisory Council (CalPERS), whose terms of appointment expire this year, for their valuable contribution to the PRI.

Let me also thank Fiona and her team for their hard work in a challenging year for the PRI. As outlined in this report, the PRI has continued to deliver value to its signatories through a high level of activity in parallel with the reform work we are undertaking. This would not be possible without the dedication of our staff members.



Martin Skancke

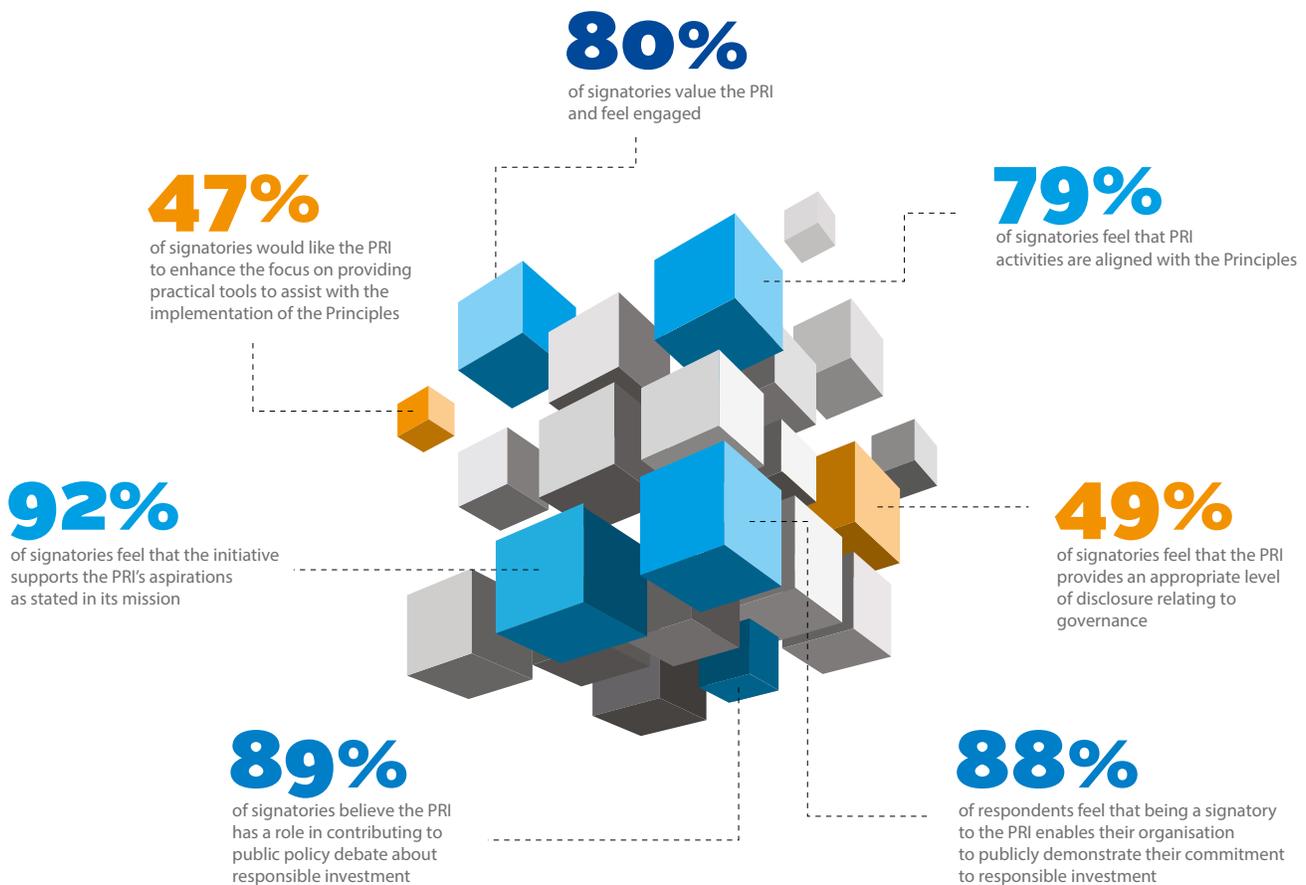
Martin Skancke

SIGNATORY SATISFACTION AND ENGAGEMENT

Early in 2014, we conducted our first ever global signatory survey to gauge levels of satisfaction and engagement among the 1,250 strong signatory base. The survey was sent to all signatories and found that 75% would recommend the benefits of being a PRI signatory to their peers.

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; fostering good governance, integrity and accountability; and addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.”



The survey highlighted areas where signatories feel an increased focus from the PRI is needed, with half of signatories wanting additional disclosure relating to the PRI's own governance matters and more than half wanting a greater understanding of the role played by the PRI Advisory Council,

which is made up of signatory elected representatives. The survey results, along with additional signatory feedback gathered from a series of regional workshops and consultations, are now being used to guide the development of the PRI's 2015-2018 strategic plan.

COLLABORATIVE ENGAGEMENTS DRIVING CHANGE

KEY ENGAGEMENTS

Projects coordinated by the Investor Engagements team

FRACKING



This engagement aims to improve disclosure and practices of 36 oil and gas companies and their contractors in relation to governance, environmental and board oversight of fracking operations.

SUSTAINABLE PALM OIL

22 investors joined a collaborative engagement to foster sustainable palm oil production with growers.



WATER RISKS

This engagement aims to improve companies' disclosure, risk assessment and water stewardship practices in agricultural supply chains.



EMPLOYEE RELATIONS

This engagement seeks to improve company disclosure and management practices in the retail sector using commissioned research by Carnstone.



SUPPLY CHAIN LABOUR STANDARDS

This engagement aims to improve the implementation of labour standards codes among food and beverage retailers, processors and producers.



HUMAN RIGHTS IN THE EXTRACTIVE SECTOR

A steering committee of nine global investors is currently defining the target company list and indicators to benchmark corporate implementation of Prof. John Ruggie's UN Guiding Principles on Business and Human Rights.



DIRECTOR NOMINATIONS

Through a series of case studies, this project has identified key recommendations related to director nominations in seven markets, which will be used to engage companies in France and the US



INTEGRATING ESG INTO EXECUTIVE PAY

Research from GMI Ratings identified leader and laggard companies in North America, Europe and Australia in the utilities and extractives sectors in relation to linking compensation packages to ESG metrics and disclosure of relevant practices.



ANTI-CORRUPTION

A coalition of 34 investors representing US\$ 2.7 trillion of AUM was set up to engage with 33 companies across sectors and regions that face bribery and corruption risks.



Signatories to the PRI on average hold nearly half of all the shares managed by asset managers, according to a joint study from PRI and NASDAQ OMX on equity ownership-based on a sample of 379 globally-listed companies, with a combined market capitalisation of US\$ 19 trillion. Having reached critical mass through their sizeable presence in listed companies, PRI signatories should be able to influence those businesses to achieve better environmental, social and governance (ESG) performance. The PRI's collaborative platform, known as the Clearinghouse, and the work of the Investor Engagements team, aim to leverage this formidable combined weight.

The Clearinghouse offers signatories a platform for putting forward concerns and ideas on ESG issues at companies whose stock they own, coordinating with signatories who want to pursue similar goals, and pooling resources to engage with companies, policy makers and others in the investment chain.

Signatories typically team up through the Clearinghouse by co-filing or voting in favour of shareholder resolutions, raising concerns in joint letters to management and the board, or holding discussions with the target organisation. Over the course of the year approximately 270 signatories participated in one or more collaborative initiatives posted on the platform.

MAKING THE CLEARINGHOUSE MORE EFFECTIVE

In 2013, new guidelines on the use of the Clearinghouse were piloted, while administrative and technical support to signatories who coordinate their own collaborative engagements via the platform was offered.

Since September 2013, the following features have been added:

- Enabling asset owners to limit their proposed engagements to other asset owners only.
- Limiting participation within a collaborative engagement to signatories in a specific region.
- Providing opportunities for service providers to post engagements, as long as they indicate initiatives that involve fees.
- Acknowledging 'lead' and 'supporting' investors by developing a policy aimed at giving credit to active signatories.
- With the agreement of other investors, allowing non signatories to participate in engagements for up to one year.

In January 2014, the PRI commenced a new project to enhance the IT system underlying the platform. This will allow for a more user-friendly offering which facilitates connections amongst signatories interested in similar topics, companies, regions and asset classes. The new platform will be fully functional in 2015 and become a broader hub for investor collaborations across asset classes.

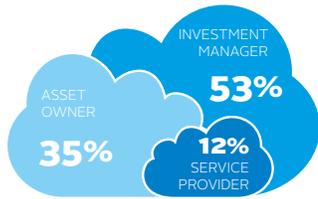
THE FOCUS OF THE INVESTOR ENGAGEMENTS TEAM

The team has been focusing on the implementation of 2012-2015 strategy and the active coordination of 15 collaborative engagements, ensuring these are in-depth and high-quality projects and supported by tailored research. 123 signatories, primarily based in Europe and North America, have been involved so far in these engagements.

Since March 2012, a Steering Committee of signatories has provided guidance and advice on the Clearinghouse platform and the work of the Investor Engagements team.

JULY 2013 - JUNE 2014 STATISTICS

PARTICIPATION BY SIGNATORY CATEGORY

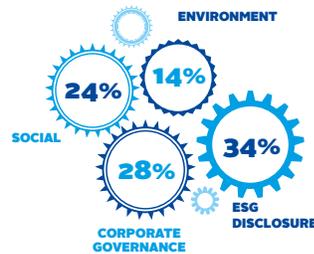
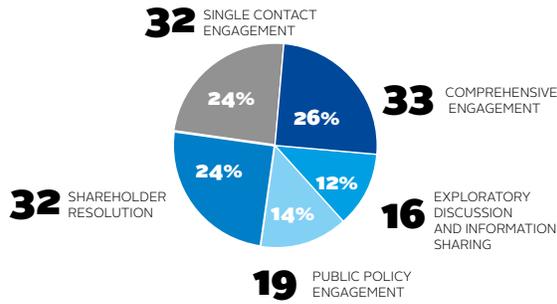


ASSET OWNER	94
INVESTMENT MANAGER	142
SERVICE PROVIDER	31

COLLABORATIVE ENGAGEMENT ISSUES

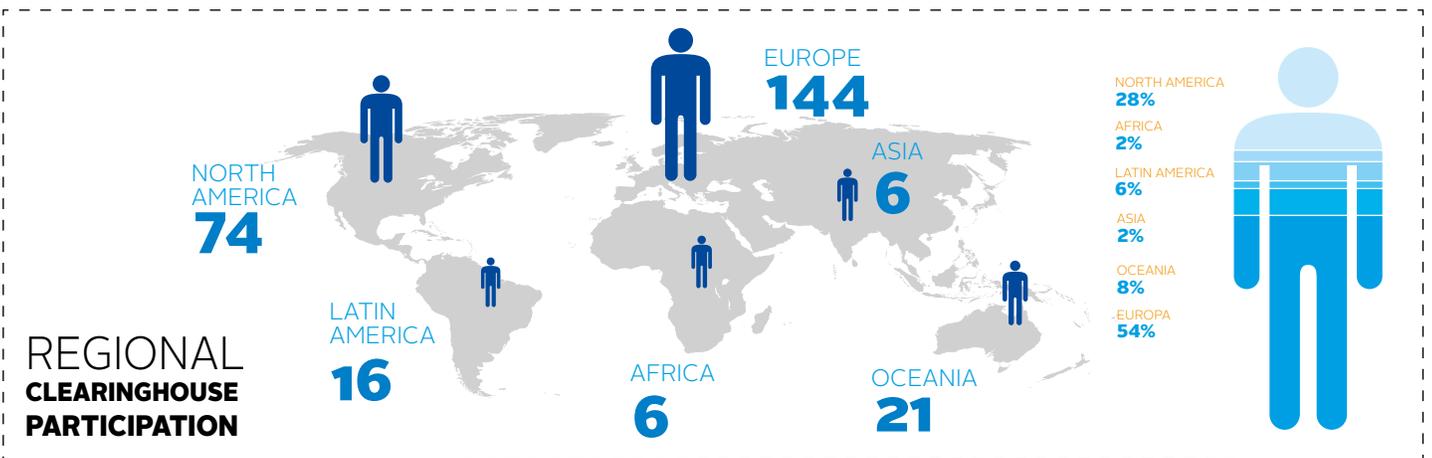
SOCIAL	32
ENVIRONMENT	18
CORPORATE GOVERNANCE	38
ESG DISCLOSURE	46

TYPES OF COLLABORATIVE ENGAGEMENTS



INVESTOR ENGAGEMENTS STEERING COMMITTEE

- AMP Capital Investors**, Karin Halliday, Corporate Governance Manager
- Bâtirente**, François Meloche, Extra Financial Risks Manager
- Calvert Investments**, Mike Lombardo, Senior Sustainability Analyst and Manager
- Church of Sweden**, Sara Nordbrand, Sustainable Investment – Head of Corporate Engagement
- ERAFP** – French public service additional pension scheme, Jean-Philippe Rouchon, SRI Manager
- Ethical Council**, John Howchin (Chair)
- F&C Asset Management**, Matthias Beer, Senior Analyst, Governance and Sustainable Investment
- Hermes Fund Managers Limited**, Hans-Christoph Hirt, Executive Director of Corporate Governance
- Qube Investment Management**, Ian Quigley, Portfolio Manager
- Robeco**, Matthias Naar, Engagement Specialist
- Rockefeller Asset Management**, Mariela Vargova, Senior Sustainability Analyst



2013
2014

Number of new posts

66

Number of active signatories

260

Average number of proposals joined by each signatory

4.7

A SNAPSHOT OF 2013/14 ENGAGEMENT ACTIVITY

HYDRAULIC FRACTURING (FRACKING)



This engagement, launched in November 2013, is one of the largest coordinated by the PRI with 41 investors representing over US\$ 5.1 trillion in AUM. The engagement seeks to improve performance and disclosure over governance of procedures and contractors, water use and quality, air emissions, community impact and consent. To date, 23 of the 36 target companies have responded, with meetings having taken place with 13.

Where discussions have taken place, companies have generally been responsive to investors' questions. Early themes include the difficulties in establishing risk management responsibility and disclosure between different parts of the fracking industry, as well as resistance to separate sustainability disclosure for company fracking activities.

GLOBAL



VOTE CONFIRMATION

Initiated by Aviva Investors, Hermes EOS, Investec Asset Management and Robeco, this engagement seeks to address issues in the 'proxy voting chain' through which the votes of investors cast online are processed and arrive at company AGMs. Aviva Investors and Robeco, performed a vote audit for their Dutch and UK holdings to better understand the voting chain in these two markets. The audit was conducted by requesting 28 investee companies to confirm voting instructions for specific portfolio accounts. This showed that the main obstacles for votes to be confirmed throughout the entire chain are linked to many accounts been segregated, voting instructions not being processed correctly and lack of standardisation in the use of identifiers for accounts and ballots.

ARCTIC



OFFSHORE OIL EXPLORATION IN THE ARCTIC

Hydrocarbon exploration in the Arctic presents both extraordinary technical challenges and key uncertainties around the future economic and political trajectory of these exploration projects, including the scale of hydrocarbon resources, the forecast price of oil and gas, as well as the predictability of changing Arctic regulation and taxation regimes. These risks are further exacerbated for offshore oil extraction, where projects have not yet started. A group of four investors led by Mirova opened this initiative to other investors in July 2014.

GLOBAL



LABOUR STANDARDS IN THE AGRICULTURAL SUPPLY CHAIN

Labour standards in supply chains have come under increased scrutiny following recent disasters in the apparel and electronic sectors. This engagement aims to improve the implementation of supply chain labour codes and standards at 35 global large cap food and beverage companies. Verité, a specialist supply chain labour consultancy, was commissioned to provide research identifying and prioritising key indicators to understand companies' implementation of labour codes and standards, and management of key issues. 36 institutional investors, representing US\$ 2.2 trillion are currently engaging 34 companies on these issues and have received responses from 20 of the companies as of June 2014.

GLOBAL



EMPLOYEE RELATIONS

This engagement was launched in November 2013 attracting 23 investors with US\$ 1.5 trillion in assets, and aims to highlight the impact of good employee management on company performance and shareholder value. Initial letters to all 26 target companies in the multiline retail and food retail sectors were sent by April 2014 with responses from 19. Initial responses are positive reflecting commitment by some companies to review or improve disclosure. Company performance and disclosure has been measured using research commissioned by Carnstone.

GLOBAL



ICCR'S GLOBAL HEALTH PRINCIPLES AND RECOMMENDED PRACTICES

The Interfaith Centre on Corporate Responsibility (ICCR) launched a global investor statement aimed at advancing a business model that promotes access to health care that is equitable and affordable, regardless of one's country or resources. The statement was released on 7 April 2014, World Health Day, and was signed by over 80 institutional investors.

EUROPE



EU AUDIT MARKET REFORM

Investors were concerned that key provisions in proposed European Commission reforms put to the European Parliament in November 2011 weakened measures to protect auditor independence. A group of long-term investors, led by Sarasin & Partners LLP wrote a position paper to Commissioner Barnier setting out the long-term shareholder view on audit sector reform. In December 2013, a critical vote was taken in Brussels supporting many of the measures put forward by the engagement which was voted through the European Parliament in April 2014.

GLOBAL



WATER RISKS IN AGRICULTURAL SUPPLY CHAINS

A steering committee of six investors was established in December 2012 to address water risks in agricultural supply chains. The group used data from the World Wildlife Fund's (WWF) Water Risk Filter, PricewaterhouseCoopers' (PwC) ESCHER model and oekom Research to identify companies in the food, beverage, apparel, retail and agricultural products sectors that are most exposed to water stressed crops in their supply chains. The engagement was featured in the Climate Data Initiative launch, part of the US President's Climate Action Plan, which highlights private and public sector organisations working together on projects which build understanding on climate themes including water scarcity. The engagement was opened to PRI signatories in July 2014 and dialogue with companies will begin towards the last quarter of the year.

CANADA AND UNITED STATES



TAX DISCLOSURE BY EXTRACTIVES COMPANIES IN CANADA AND THE US

A group of PRI signatories representing US\$ 5.8 trillion in assets launched this initiative to engage on public policy developments, notably those pertaining to pending regulatory requirements for payment transparency of extractives companies listed in the US and Canada. Two letters were sent, one reiterating support for Dodd-Frank Section 1504 and encouraging the SEC to defend its implementation rules, the second to the Canadian government in response to its decision to proceed with its mandatory reporting regulation, aimed at aligning Canada with the US and the EU.

DELIVERING TRANSPARENCY AND ACCOUNTABILITY

The Reporting process focusses on helping signatories work towards **Principle 6: We will each report on our activities and progress towards implementing the Principles.** The new PRI Reporting Framework was launched on 1 October 2013 in Cape Town, the culmination of a two-year consultation and development process involving over 40% of PRI signatories and over 1,000 individual pieces of feedback.

The Framework has three core objectives:

- **Transparency** (supported by RI Transparency Reports),
- **Accountability** (supported by Report on Progress),
- **Assessment** (supported by Assessment Reports).

Signatories that signed the PRI before 24 May 2012 had to report during the 2013/14 reporting period on a mandatory basis. Signatories that signed the PRI after 24 May 2012 had the option to participate in the 2013/2014 reporting cycle, with reporting mandatory during the 2014/2015 reporting period.

RI TRANSPARENCY REPORTS

RI Transparency Reports provide a single mechanism for all asset owner and investment manager signatories to the PRI to demonstrate their progress towards implementing the Principles. The reports contain a set of common, standardised information covering organisational characteristics and high level RI processes, as well as asset class RI activity.



A total of 787 RI Transparency Reports were published on the PRI website by the end of June 2014 – the most comprehensive public dataset of Responsible Investment information in existence.

Professional Service Partner signatories are not required to report. However, many have made significant contributions to the reporting by asset owner and investment manager signatories.

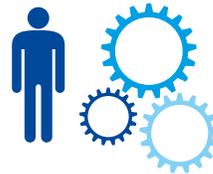
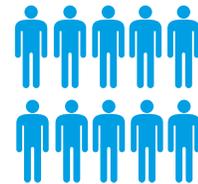


REPORT ON PROGRESS

The PRI's latest Report on Progress will be released in September 2014, sharing insights from the first year of the new Framework. The report is designed to be an accountability mechanism and to highlight the

NEW FRAMEWORK IN NUMBERS 2013/14 REPORTING CYCLE

798
REQUIRED TO
REPORT

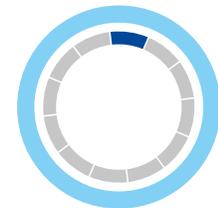


800+
REPORTED

LESS THAN

1%

DELISTED FOR
FAILING TO REPORT



activities of our signatories in implementing responsible investment.

This year, the report is designed to be high level and address key issues for the PRI and the investment community supported by our evidence base of the data set.

ASSESSMENT

Confidential pilot Assessment Reports are due to be released to signatories in September 2014. Assessment Reports will be a learning tool for signatories, helping to identify strengths and opportunities for improvement, and to engage with resources and work streams within the PRI. Over the coming months, the PRI will be consulting again with signatories

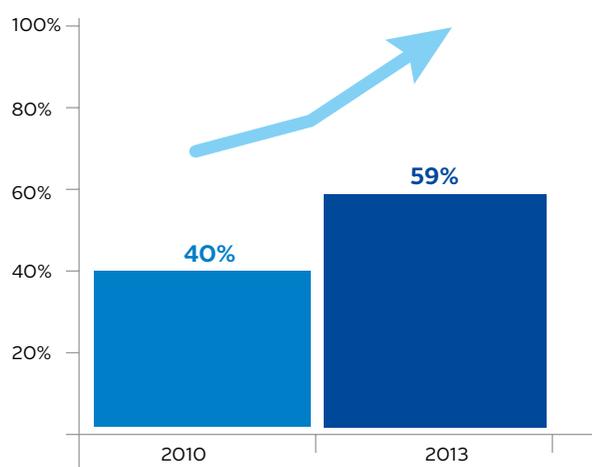


to refine the methodology and maximise opportunities for learning through the Assessment Reports.

SIGNATORIES DELISTED FOR FAILURE TO REPORT

Fuji Pension Fund (Japan, Asset Owner)
Sustainable Technology Partners (Sweden, IM)
Global Fund Exchange (USA, IM)
3Sisters Sustainable Asset Management (USA, IM)

210 new PRI signatories, who were not required to report in their first year, were invited to report voluntarily. Of these, 84 reported and 45 chose to publish their reports. In 2015, these signatories will be reporting on a mandatory basis.



Question: does the Reporting Framework capture your implementation of the Principles to a large extent?

RECEPTION FROM SIGNATORIES

The new Reporting Framework has been positively received. In 2013 59% of signatories reported that the Framework captures their implementation of the Principles to a large extent, from 40% in 2010.

HELPING SIGNATORIES TO REPORT

The PRI recognises that good quality reporting takes time and resources. We have taken steps to simplify the process and align with other organisations:

- **Scaled up support for signatories** to help them adapt to the new Reporting Framework. In addition to responding to over 500 queries, the PRI presented workshops on reporting in the UK, US, France, Germany, Netherlands, Switzerland, Sweden, Finland, Japan, Brazil, South Africa, Australia, ran webinars that were accessible around

the globe and carried out in-depth one-on-one support sessions in many countries.

- **Improved the online reporting tool.** Signatories that reported in 2013-14 can opt to pre-fill their data for 2014-15, allowing them to report changes in process and outputs, rather than processes that have remained the same.
- **Established partnerships with other reporting bodies.** PRI has aligned with a number of global organisations, including the Global Sustainable Investment Alliance (GSIA), and the Global Real Estate Sustainability Benchmark (GRESB) to ensure indicators and definitions are aligned.

STEERING COMMITTEE

A new Reporting and Assessment Steering Committee was established in January 2014. Previous committees provided in-depth technical support to help the PRI develop the new Framework and assessment methodology. The new Committee takes a more strategic role, advising on how to maximise the value signatories get from reporting and assessment.

STEERING COMMITTEE MEMBERS:

- Amy O'Brien, TIAA – CREF
- Anna Hyske, Ilmarinen Mutual Pension Insurance Company
- Antti Savilaakso, Nordea (Co-Chair)
- Ashley Taylor, California Public Employees' Retirement System (CalPERS)
- Brian Minns, Addenda Capital Inc.
- Cecile Churet, RobecoSAM AG
- Clarisse Simonek, Mirova
- Craig Mackenzie, Scottish Widows Investment Partnership Ltd.
- Faith Ward, Environment Agency Pension Fund (Co-Chair)
- Heinrich Oberkandler, BayernInvest Kapitalanlagegesellschaft mbH
- Jon Duncan, Old Mutual plc
- Louise Davidson, Cbus Superannuation Fund
- Toshiaki Oguchi, Governance for Owners
- Will Oulton, Colonial First State Global Asset Management
- 1 OPEN POSITION

The Steering Committee is supported by two Working Groups focussing on redeveloping the Infrastructure and Fixed Income modules by 2015-16.

PUTTING THE PRINCIPLES INTO ACTION

The PRI Implementation Support team helps signatories understand how they can adapt responsible investment practices to their investment strategies across asset classes.

The activities of the Implementation Support team are divided across nine work streams in order to provide targeted signatory support at three levels:

- Introductory materials and assistance for new signatories
- Asset-class specific support tools for ESG integration
- Platforms for thought leadership and discussion

SERVICES

Implementation Support deliver services through various means – publications, webinars, targeted events, outreach at industry conferences and by connecting signatories with their peers.

The Fixed Income work stream released two discussion papers, **Corporate Bonds: Spotlight on ESG Risks** and **Sovereign Bonds: Spotlight on ESG Risks**, exploring the relationship between ESG factors and creditworthiness. The reports highlight academic research and practical examples showing the importance of ESG factors to fixed income investments. In September 2014 the PRI will publish the Fixed Income Investor Guide, a practical guide based on signatory interviews, desk research and responses to the PRI Reporting Framework.



After the publication of **Integrated Analysis** in February 2013, the Listed Equity work stream has deepened signatory engagement on the topic through a series of eight case studies published on the PRI website.



Following the publication of the Limited Partners (LP) Guide in 2012, the PRI (in partnership with Spring Associates) produced **Integrating ESG in Private Equity: A guide for General Partners**, a practical guide to help General Partners (GPs) develop their own approach to responsible investment. The guide enables GPs to develop a framework for the integration of ESG factors

in their investment activities, linking this to organisational governance, structure and culture.

The Environmental and Social Themed Investing work stream has produced a range of resources for investors interested in how their investments can contribute to positive environmental and social outcomes, including a suite of investor case studies, an introductory guide and case studies on measuring impact, and two discussion notes on fiduciary duty which are available on the PRI website.

Implementation Support outputs are geared towards promoting discussion and thought leadership, such as with Responsible Investor Insight: ESG in the World's Largest Asset Class, and a discussion on investments in Farmland in the Cornerstone Journal of Sustainable Finance & Banking. The Implementation Support team also represented the PRI as speakers at the following events:

- AFIC ESG Annual Conference, Paris, 3 July 2013
- SpainSIF Annual Meeting, Madrid, 15 October 2013
- European Microfinance Week, Luxembourg, 12 November 2013
- Kepler Cheuvreux 4th Sustainable Bonds Conference, Paris, 28 January 2014
- Microfinance Investor Meeting, London, 12 February 2014
- Worldbank Conference on Land and Poverty, Washington, 24-27 March 2014
- GIIN European Network Meeting, Antwerp, 31 March 2014

COLLABORATIONS

The strength of the PRI is our capacity for collaboration – with our signatories, UN partners and mutually-aligned external organisations and stakeholders. By leveraging these partnerships, we widen our reach and capacity to consult and promote our signatories' activities.

- PRI supports the Climate Bonds Initiative by disseminating material.
- AFIC (French Private Equity Association) became a PRI Network Supporter in June 2013.

- GRESB (Global Real Estate Sustainability Benchmark) and PRI a released joint letter of support in February 2014.
- PRI's relationship with the HFSB (Hedge Funds Standard Board) was reinforced this year through their participation in the PRI Hedge Funds Steering Committee.
- PRI collaborated with GIIN (Global Impact Investing Network) in several ways, including on its Investor Forum in London in October 2013.

STEERING COMMITTEES AND WORKING GROUPS

PRI signatories directly contribute and influence the strategy and activities of the Implementation Support work streams through Steering Committees. Committee composition is carefully monitored so as to be reflective of the PRI signatory base. The following Steering Committees and working groups were active during 2013-14:

- Listed Equity Integration Working Group
- Fixed Income Steering Committee
 - Corporate Fixed Income Working Group
 - Implementing RI in Fixed Income Working Group
 - Sovereign Fixed Income Working Group
- Private Equity Steering Committee
 - Private Equity GP Guide Working Group
- Property Asset Owner Working Group
- Infrastructure Case Studies Working Group
- Farmland Working Group
- Hedge Funds Working Group (transitioned into a Steering Committee in 2014)
- Environmental and Social Themed Investing Asset Owner Working Group
- PIIF Steering Committee
- Small and Resource-Constrained Signatories Steering Committee

“The PRI provides a unique platform for us to interact with like-minded investors and push towards a collective understanding of responsible investment.”

Christoph Klein, Head of ESG Credit at Deutsche Asset & Wealth Management and member of the PRI Fixed Income Steering Committee

IMPLEMENTATION SUPPORT PARTICIPATION

IN NUMBERS

Listed equity • Fixed Income • Private Equity
Property • Infrastructure • Commodities
Hedge Funds • Environmental and social themed investing • Inclusive Finance

Steering Committee and working groups

215 people across **146** organisations



Webinars

342 people attended

Staying connected

1,231 individuals are signed up to updates



Events

627 people attended

EXTENDING OUR GLOBAL REACH

STRENGTHENING OUR NETWORKS AND GLOBAL OUTREACH (NGO)

The PRI's Networks are groups of signatories who work together in their region to promote responsible investment. Each Network is supported by a dedicated team who works with or at the PRI Executive in London.

In 2014, the PRI Networks and Global Outreach teams were merged to deliver a more efficient structure. In June 2014, Yann Gindre was appointed to lead the PRI's global outreach, signatory relations and recruitment strategy.

NETWORKS SUPPORTED FROM LONDON

AO – Asset Owner
IM – Investment Manager
SP – Service Provider



NORDIC REGION

106
SIGNATORIES



36 AO
63 IM
7 SP

Denmark: 23 (4AO, 16 IM; 3 SP); Finland: 33 (10 AO; 22 IM; 1 SP); Iceland: 4 (3 AO; 1 IM); Norway: 10 (6 AO; 4 IM); Sweden: 36 (13 AO; 20 IM; 3 SP)

The PRI Executive provides support to signatories from Denmark, Finland, Iceland, Norway and Sweden with signatories from Estonia invited to join network meetings. Although there is no formal steering committee, the PRI coordinates its outreach in the region with local Social Investment Forums (DanSif, FinSif, NoSif & SweSif). The PRI held a number of meetings this past year in the Nordic region, including a signatory meeting with a focus on the PRI Reporting Framework, Implementation Support resources and collaborative engagements, in addition to smaller roundtable discussions to address signatory concerns relating to PRI governance.



CANADA & QUÉBEC

54
SIGNATORIES



20 AO
27 IM
7 SP

Canada: 54 (20 AO, 27 IM; 7 SP), Québec network: 25 (10 AO; 12 IM; 3 SP)

In 2014, following the launch of the Québec network, a dedicated local resource was appointed for 15 hours per week by the Québec network to help its Steering Committee coordinate activities. The PRI Executive in London also has one resource contributing time across the Canada & Québec and Nordic regions.

A key focus for this year has been on active ownership and investor engagements. Events included an investor panel hosted by TMX Group and a discussion on the incorporation of ESG into fixed income portfolios. The network aimed to increase visibility through events including a presentation to the Chartered Financial Analyst (CFA) Institute's Vancouver chapter and speaking at an event hosted by the Montréal Council on Foreign Relations. This year the network was also part of the first RI week in Canada and PRI in Person will be held in Montréal in September 2014. The Québec Steering Committee is led by **Bâtirente**. There is no Steering Committee for the Canada network.

NETWORKS WITH PRI CONSULTANTS ON THE GROUND



CONTINENTAL EUROPE



326
SIGNATORIES



72 AO
212 IM
42 SP

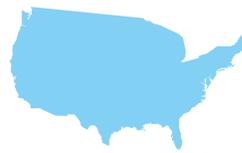
Austria: 6 (1 AO; 5 IM); Belgium: 3 (2 IM; 1 SP); France: 123 (11 AO; 102 IM; 10 SP); Germany: 52 (18 AO; 23 IM; 11 SP); Netherlands: 83 (36 AO; 40 IM; 7 SP); Switzerland: 59 (6 AO; 40 IM; 13 SP)

The network is one of the most rapidly developing networks within the PRI due to the existence of legislation enabling financial institutions to consider ESG from a fiduciary point of view. This includes the introduction of the Pension Reserve Fund in France and laws relating to SRI issues to Employees Saving Plans (2001) in France. The Network will continue collaboration with local RI forums, such as FIR (French SIF), VBDO (Dutch SIF) and FNG (German-speaking SIF).

A part-time network officer based in Germany continues to provide support to German-speaking signatories, catering for increased interest in Responsible Investment and the PRI from institutional investors in Germany. Signatories from Germany and Southern Africa recently commenced a cross-country knowledge exchange about the development of RI practices in their home markets and the challenges they face.

A part-time Network Manager for the region was appointed in January 2014 to support signatories' implementation of the Principles.

The network held more than 10 events, including workshops on the PRI Reporting Framework, Implementation Support resources, Investor Engagements and a PRI Governance update, Academic Network annual event and meetings with a focus on ESG in private equity and roundtable discussions on policy solutions for long-term investing. Currently there is no Steering Committee.



USA



196
SIGNATORIES



22 AO
139 IM
35 SP

Further development of a responsible investing market in the United States is crucial to building a sustainable global financial system. In 2014, the PRI appointed a Network Manager based in New York to lead the US network. The US Network Manager is responsible for engaging with and supporting US signatories.

North America is one of PRI's biggest signatory networks and as a result of the recent signatory survey, a review is currently underway to explore the feasibility of opening a regional office in the North American market. Within less than a year, the Network gathered in several locations across the US to discuss ESG issues in private equity and fixed income, collaborative engagements on anti-corruption, ESG in executive pay, water risks in agricultural supply chains and the PRI's Research and Policy work stream's priority policy issues.



SOUTHERN AFRICA



51
SIGNATORIES



5 AO
38 IM
8 SP

Botswana: 1 (1 IM); Mauritius: 3 (3 IM); Namibia: 1 (1 AO); South Africa: 45 (5 AO; 33 IM; 7SP)

The Network Manager is now responsible for the development of the regional network within Botswana, Namibia, Swaziland, Zambia and Zimbabwe. Since the beginning of 2014, PRI and the Southern Africa Network have been actively promoted by the network manager at major conferences in Namibia, Zambia, Nigeria, South Africa as well as Zimbabwe and Swaziland. Additionally, the network has established a relationship with the Institute for Sustainability Africa (Insaf).

The PRI is working to leverage local developments in the region, including the Code for Responsible Investment in South Africa (CRISA) and the Sustainable Returns for Pensions and Society initiative. Additionally, the PRI was a member of the steering committee for the project which led to the development of the Sustainable Returns for Pension and Society Asset Owner Guide. The network hosted the PRI in Person annual conference in October 2013. The Steering Committee is led by **GEPF**.



LATIN AMERICA



68
SIGNATORIES



17 AO
35 IM
16 SP

Brazil: 64 (17 AO; 33 IM; 14 SP), Chile: 1 (1 SP), Colombia: 1 (1 IM), Peru: 1 (1 IM), Uruguay: 1 (1 SP)

The Brazilian network has expanded its focus in Latin America, with efforts underway to improve service delivery across Colombia, Peru, Uruguay and Chile. The network has been working with organisations such as the Carbon Disclosure Project, International Integrated Reporting Council, Global Reporting Initiative, UN Global Compact and Latin Sustainable Investment Forum to share resources and gain visibility.

The PRI Network Manager presented on PRI at the Associação Brasileira das Entidades Fechadas de Previdência Complementar (ABRAPP) Sustainability Committee Meeting and Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais (APIMEC)/ European Federation of Financial Analysts Societies (EFFAS) Brazil RI Conference. The network continues to support investors across South America through workshops and events. The Steering Committee is led by **PREVI**.



JAPAN



29
SIGNATORIES



5 AO
19 IM
5 SP

Japan's Stewardship Code was published in early 2014, and this created a platform for the Network to promote active ownership and engagement practices among institutional investors in Japan. Building on this momentum, local working groups of the PRI Japan Network have been holding workshops to educate current and potential PRI signatories about the Code, draw connections with the PRI Reporting Framework and draw on examples of successful PRI collaborative engagements.

In partnership with Responsible Investor, the PRI Network held its first responsible investment conference in March 2014, hosted by Tokyo Stock Exchange. The conference attracted around 200 institutional investors, government representatives and other stakeholders. In collaboration with SIF Japan, the Network co-hosted a seminar on the launch of the Japan Stewardship Code. The Steering Committee is led by **Secom Pension Fund**.

The PRI has one part-time resource based in Japan and held over 20 signatory meetings including working groups to discuss implementation of the Principles in real estate and private equity in a local context.



AUSTRALIA



118
SIGNATORIES



33 AO
72 IM
13 SP

Australia is one of the largest and most active networks at PRI, and is managed locally by the Australian Council of Superannuation Investors (ACSI) with one part-time resource. The Network has seen a substantial increase in communication with and among signatories and plans to continue organising face-to-face meetings and using industry conferences as a platform to discuss the PRI.

Over the past year, a new working group on unconventional gas was established and signatory workshops were organised throughout the year. The workshops aimed to address signatory questions about the PRI Reporting Framework, promote investor interest in collaborative engagements and promote visibility. We will continue to devote resources to the signatory network in Australia, which is part of the PRI's review of our presence in the Asia-Pacific region. The Steering Committee is led by **Cbus**.

ENGAGING WITH SIGNATORIES THROUGH REGULAR EVENTS

62

**EVENTS
GLOBALLY**

17

**EVENTS
WITH PARTNER
ORGANISATIONS**

13

WEBINARS

**BETWEEN 1 JULY 2013
AND 30 JUNE 2014,
THE PRI HELD:**

WITH NEARLY
4000
PARTICIPANTS

PRI IN PERSON

PRI in Person 2013 was held at the Cape Town International Convention Centre (CTICC), South Africa, 1-2 October 2013 with over 400 attendees from more than 25 countries.

PRI ACADEMIC NETWORK CONFERENCE

The PRI Academic Network Conference held from 13-15 November 2013, drew 168 academics, practitioners and students to the offices of Caisse des Dépôts (CDC) in Paris.

FIXED INCOME

The highly popular PRI Fixed Income event on 4 February 2014 in London, hosted by AXA Investment Managers attracted a capacity audience of more than 100.

ASIA-PACIFIC RI FORUM

The PRI Asia-Pacific RI Forum in partnership with the National University of Singapore (NUS) took place in Singapore on 20 November 2013 with over 100 academic participants.

POLICY AND RESEARCH

The Policy and Research work stream was established in September 2013 to address barriers to the development of a sustainable financial system. Such barriers can be found in current market practices, structures and regulation that undermine the interests of investors and the systems within which they operate.

A PRI signatory consultation found investor short-termism to be the single most important strategic barrier to a sustainable financial system, identified by 92% of signatories. This was followed by company short-termism, short-term mandates and misalignment of interests. The Policy and Research work stream will therefore focus on operationalising long-term responsible investment.

Signatories also asked that the policy work stream collaborates, rather than duplicates existing initiatives. The Policy and Research area therefore mapped existing initiatives, working to promote responsible long-term investment. This included the International Corporate Governance Network's Model Mandate and Canada Pension Plan and McKinsey's *Focusing Capital on the Long-Term*.

STEERING COMMITTEE

In December and January the application process for the Policy and Research Steering Committee was launched. The current composition is asset-owner led, with a balance across geographies, type of signatory and size.

- James Andrus, California Public Employees' Retirement System (CalPERS), United States
- Justin Atkinson, Alliance Trust PLC, United Kingdom
- Helena Charrier, Caisse des Dépôts et Consignations (CDC), France
- Louise Davidson, Cbus Superannuation Fund, Australia
- Kris Douma, MN, The Netherlands
- Claudia Kruse, APG Asset Management, The Netherlands
- Mark Mansley, Environment Agency Pension Fund, United Kingdom
- Zohre Tali, APG Asset Management, The Netherlands
- Bryan Thomson, British Columbia Investment Management Corporation, Canada

ENABLING A LONG-TERM FOCUS

In early 2014, a high level meeting of chief executives and senior financial sector leaders was held in Davos. Hosted by

the Principles for Responsible Investment, Corporate Knights and the UN Global Compact, the event focused on how financial markets can enable long-term holistic value creation.

Short-termism in investment markets is a major obstacle to companies embedding sustainability in their strategic planning and capital investment decisions. Investors, on average, have become markedly more short-term focused in recent decades, a pressure which flows through to corporate CEOs. In order to address this issue, a long-term approach makes sense for both asset owners and companies, allowing for an increased focus on long-term value drivers and management of different forms of capital – including physical, financial and human. The event held in Davos supports the work of PRI's Policy and Research area, and created a platform to promote a long-term investment focus.

The PRI believe that a long-term investment perspective is a critical enabler of responsible investment as it encourages long-term stewardship of assets and value creation.

KEY FOCUS AREA

The current two areas of work, agreed by the steering committee, are long-term mandate design and policy networks, which are facilitated by Policy and Research Manager, Will Martindale, appointed in February.

LONG-TERM MANDATES

The Policy and Research team released a paper in July 2014, building on existing research as well as comments from consultation meetings in Edinburgh, Paris and Amsterdam, in addition to meetings with Ontario Teachers' Pension Plan, Australian Council of Superannuation Investors (ACSI) and others. The long-term mandates project will focus on:

- Signatory definitions of long-term investment
- Approach to investment governance
- Specific considerations for mandate design
- Overcoming barriers to enable long-term investment



INVESTOR ENGAGEMENT IN POLICY

The first publication of the policy networks work stream is to be launched at PRI In Person this year. It is a joint publication with UNEP Inquiry into the Design of a Sustainable Financial System, titled 'The case for investor engagement in policy'.

The PRI interviewed an investor and a policy maker across five case studies to identify areas of successful collaboration and missed opportunities. The case studies were;

- Code for Responsible Investing in South Africa (CRISA);
- Grenelle Laws articles 224 and 225, Solvency II; and
- Japanese Stewardship Code and the 2009 SEC Climate Guidance in the US.

PRI POLICY CONSULTATION AND MATERIALS

Throughout the year, the PRI, with the support of both signatories and aligned organisations, has responded to a number of policy consultations. This included a response to the European Commission's Proposal on the disclosure of non-financial and diversity information, which was supported by the European Sustainable Investment Forum (Eurosif) and the Corporate Sustainability Reporting Coalition (CSRC). In

particular, this consultation aligns with Principle 3 of the PRI seeking appropriate disclosure on Environmental, Social and Governance (ESG) issues.

PRI led submissions are shown below and are available on the [PRI website](#):

- Response to the European Commission's non-financial disclosure;
- Response to UK Law Commission's consultation on fiduciary duty;
- Local Government Pension Scheme consultation; and
- Comments on Japan's Stewardship Code.

Additionally, there is a Clearinghouse post on the European Commission's Shareholder Rights Directive. A full list of the material published by the Policy and Research team is available at www.unpri.org.

BRIDGING RESEARCH AND PRACTICE

The PRI Academic Network supports the work of the PRI through research, events and resources on responsible investing. Its goal is to bridge the gap between responsible investment research and practice.

The network brings academics and signatories together by showcasing the best academic research to the investment industry and encouraging academia to respond to the research needs of investors. It also produces applied research that supports the development of a sustainable financial system.

ANNUAL CONFERENCE

The annual Academic Network conference highlights the best examples of new and innovative research. The 2013 conference was held in Paris from 13-15 November and was hosted by Caisse des Dépôts.

Three keynote sessions featured presentations on the following topics:

- *The financial and capital market implications of a firm's environmental performance* by Peter Clarkson, Professor of Accounting, University of Queensland
- *Transforming pension funds into effective asset owners: from saying to doing* by Keith Ambachtsheer, Director, Rotman International Centre for Pension Management
- *Bonus culture: competitive pay, screening, and multitasking* by Jean Tirole, Toulouse School of Economics and Visiting Professor at MIT



65 SPEAKERS

3 DAYS

40 ORIGINAL PAPERS PRESENTED

60 UNIVERSITIES OR RESEARCH INSTITUTIONS REPRESENTED

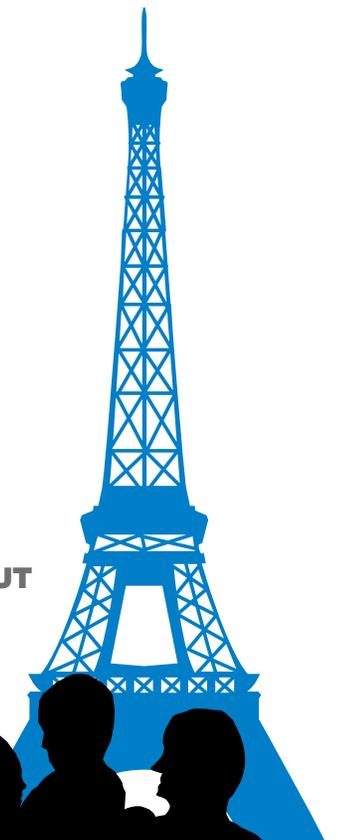
80%

of delegates rated their experience at the NETWORK CONFERENCE 2013 as either "good", "very good" or "excellent"

3 KEYNOTES

3 PLENARIES

5 BREAKOUT PANELS



The conference also saw the presentation of the FIR-PRI awards and the Sustainalytics prizes.

SUSTAINALYTICS PRIZE

The winning papers encompassed sustainable investment, with three empirical works exploring the mainstreaming of ESG integration, the financial impact of bad ESG news on fixed income investors, and barriers to investor engagement.

Academic Award - *ESG integration by asset managers* by Bert Scholtens, University of Groningen. His article analyses how conventional mutual equity funds integrate ESG factors into their investment process and how this affects their financial performance.

Student Award - *The effect of bad news on credit risk: a media based view of the pricing of corporate social responsibility* by Julian Koelbel, ETH Zürich. The paper investigates the effect of negative media attention on a company's CSR performance on credit risk.

FIR-PRI AWARDS

The four pieces of research awarded cover a wide range of topics, from impact investing to shareholder engagement, and methodologies, with theoretical and empirical studies.

Best Research Article Award - Professors Piet Eichholtz and Nils Kok, Maastricht University and Professor Erkan Yonder, Ozyegin University. Their paper was published in the *Journal of International Money and Finance*, and offers a comprehensive analysis of the financial performance of US Real Estate Investment Trusts (REITs) over the 2000-2011 period.

Best PhD Award - Vanina Forget, Ecole Polytechnique, Paris. Her thesis examined if and how ESG factors are taken into account in private equity funds.

Best Masters Award - Davide Forcella, Université Libre de Bruxelles. His thesis looked into micro-credit and studied how some instruments can be used to achieve a positive social impact while limiting negative environmental externalities.

PhD grant - Liviu Andronic, University of Toulouse who will undertake an empirical study of shareholder engagement.

Honourable Mention - *Barriers to private investor engagement in sustainable investing* by Falko Paetzold, University of Zurich.

The 2014 Conference will be held in Montréal 22-24 September in collaboration with Concordia University and Carleton University.

RI QUARTERLY

The RI Quarterly was launched in October 2013 and fast became a popular communication among both academics and signatories. It is produced by the PRI Academic Network and aims to be the go-to publication for investment professionals and anyone needing the latest research on responsible investment, but without the time to read through the original papers. Every issue focuses on a number of academic papers around a theme, extracting the essentials of the argument and giving key findings in a clear and concise manner. Copies are available on the [PRI website](#).

STEERING COMMITTEE

The committee provides guidance for the networks' activities to support deeper connections between responsible investment practice and academic insights.

- Jane Ambachtsheer, Mercer Investments, United States
- Alexander Bassen, University of Hamburg, Germany
- Daniel Beunza, London School of Economics, United Kingdom
- Jean-Philippe Desmartin, Oddo Securities, France
- Dr. James Gifford, Harvard Kennedy School, United States
- Kimberly Gladman, Just Capital Foundation, United States
- Danyelle Guyatt, Collaborare Advisory, Australia
- Jim Hawley, Saint Mary's College, United States
- Tessa Hebb, Carleton Centre of Community Innovation, Carleton University (Chair), Canada
- Nicolas Mottis, ESSEC Business School, France
- Trude Myklebust, University of Oslo, Norway
- Bouchra Mzali, Université du Québec à Montréal, Canada
- Paul Shrivastava, David O'Brien Centre for Sustainable Enterprise and John Molson School of Business, Concordia University, Canada
- Dr. Andreas Hoepner, IMCA Centre, Henley Business School | PRI's Senior Academic Fellow, United Kingdom

COLLABORATIONS WITH OUR UNITED NATIONS (UN) PARTNERS

The UN has been supporting the PRI since inception. Our UN partners, UNEP Finance Initiative (UNEP FI) and the UN Global Compact (UNGC) play an important part in delivering our strategy, providing signatories with additional avenues to learn, collaborate and take action.

Over the last year, the PRI has continued to collaborate with them, as well as other UN initiatives, on a range of projects.

- **Pilot Project on Responsible Business in Conflict-Affected and High-Risk Areas:** In September 2013, the PRI/UNGC [Responsible Business Advancing Peace](#) resource package was released. This features examples from companies, investors and UNGC local networks on the implementation of the PRI/UNGC Guidance on Responsible Business in Conflict-Affected and High-Risk Areas.
- **Sustainable Stock Exchanges (SSE):** The UNGC, PRI, UNEP FI, and the United Nations Conference on Trade and Development (UNCTAD) continue to work to advance the [Sustainable Stock Exchanges Initiative](#). Since issuing a call for exchanges to commit to advancing sustainability in their markets, the initiative has struck partnerships with 11 stock exchanges globally. The London, NYSE Euronext and Colombia stock exchanges signed up during 2013/14.
- **ESG Investor Briefing Project:** In September 2013, The [Value Driver Model](#) toolkit was launched as part of the ESG Investor Briefing project. It is a starting point for companies to assess and communicate the return on investment of their corporate sustainability activities. In May 2014, the PRI and UNGC LEAD hosted joint events to discuss how investors can use the ESG information companies disclose and how companies can better attribute financial metrics to their sustainability activities.
- **Investor Short-Termism:** Exploring what companies can do to reduce the negative impacts of short-termism on their long-term strategies and investments, UNGC LEAD and the PRI released a joint report in May 2014, [Strategies for Managing the Impacts of Investor Short-Termism on Corporate Sustainability](#).
- **Sixth Annual Engagement on UN Global Compact Companies:** A group of PRI signatories, representing US\$ 2.6 trillion in assets under management (AUM), co-signed a letter to the CEOs of 172 UNGC companies that submitted a GC Advanced Communication on Progress (COP). The investors welcomed each company's commitment to reporting transparency, while also highlighting opportunities for further consideration.
- **UN Post-2015 Sustainable Development Agenda:** UNGC, UNCTAD, UNEP FI and PRI are collaborating to mobilise private investment in support of a sustainable global economy. A white paper is being developed to lay out a global framework that identifies the role of different stakeholders and analyses the link between their investments and the Sustainable Development Goals.
- **Caring for Climate:** The PRI became a partner of the Global Compact's [Caring for Climate](#) initiative. Co-convened by the UNGC, UNEP and the United Nations Framework Convention on Climate Change (UNFCCC). The initiative works to mobilise the private sector to take a stand for a low-carbon and climate-resilient economy, while informing the policy agenda.
- **Anti-Corruption:** The PRI co-organised a session on investor-company engagement at the UNGC's anti-corruption event in Geneva in June 2014.
- **Property Working Group:** The PRI's property work stream has been working with UNEP FI's Property Working Group since 2007, undertaking quarterly calls and promoting and disseminating resources. During the past year, the PRI has hosted two investor webinars to mark the launch of two new reports: *Commercial Real Estate: Unlocking the energy efficiency retrofit investment opportunity* and *Sustainability Metrics: Translation and Impact on Property Investment and Management*.
- **Private Sector Mechanism of the Food and Agriculture Organisation (FAO):** The PRI is working with the United Nations' Committee on Food Security, providing an investor perspective in the development of the Principles for Responsible Agricultural Investment. The Principles are due to be approved by Member States in October 2014.
- **Disaster Risk Management** is an area where the Principles for Responsible Investment have been supporting the UN Office for Disaster Risk Reduction (UNISDR) in the development of the RISE initiative. RISE brings together leading names in business, investment, insurance, the public sector, business education and civil society to develop and promote global standards on risk metrics.
- **UN Inter-Agency Meeting on Inclusive Finance** saw the PRI report in 2014 on the progress of the Principles for Investors in Inclusive Finance (PIIF) that are hosted within PRI.

PARTNERSHIPS AND FUNDRAISING

The PRI is committed to ensuring that it is open and transparent about its fundraising activities. The organisation follows the *Code of Fundraising Practice* of the UK Institute of Fundraising and has also become a member of the UK Fundraising Standards Board's (FRSB) self-regulatory scheme *Give With Confidence*. As part of this commitment, the organisation applies the FRSB principles below and has published a complaints handling procedure on its website. In instances where a complaint about fundraising activities cannot be resolved, the PRI accepts the FRSB's authority to make a final adjudication.



- We are committed to high standards
- We are honest and open
- We are clear
- We are respectful
- We are fair and reasonable
- We are accountable

The PRI would like to thank the following organisations for providing financial or in-kind support during the year by providing complementary access to research and data, or sponsoring, hosting or publishing PRI events, publications or advertisements.

- Actis
- Addenda Capital
- AlphaFixe Capitale
- Alquity Investment Management Limited
- Amundi Asset Management
- Aon Hewitt
- APG Asset Management
- Aviva Investors
- AXA Investment Managers
- Bâtirente
- BlackRock
- Bloomberg
- Blue Wolf Capital Partners
- BofA Merrill Lynch Global research
- Bolsa de Valores Colombia
- British Columbia Investment Management Corporation
- British Embassy - Japan
- Caisse de dépôt et placement du Québec
- Caisse des dépôts et consignations - CDC
- CFA Institute
- City of Montréal
- Concordia University - John Molson School of Business
- Corporate Knights Capital
- Credit Agricole Asset Management
- CSSP - Center for Social and Sustainable Products
- CVC Capital Partners
- Deloitte - Chile
- Desjardins Investment
- Desjardins Société de Placement
- Developing World Markets
- Ecodec
- Environmental Finance
- Environmental Resources Management
- Ethix SRI Advisors
- Etica SGR
- EY
- F&C Asset Management
- Fiera Capital Corporation
- Finance Montréal
- Fondation CSN
- Fonds de Solidarité FTQ
- Futuregrowth Asset Management
- Gestion d'actifs Global Alpha Ltée
- Gestion FÉRIQUE
- Global Proxy Watch
- Goldman Sachs & JBWere Superannuation Fund
- Government Employees Pension Fund of South Africa
- Groupe Investissement Responsable
- Harith General Partners
- Hermes Equity Ownership Services Ltd
- Hexavest
- HSBC Global Asset Management
- Infracrev
- Investec Asset Management
- Itaú Asset Management
- Kempen Capital Management NV
- Kepler-Chevroux
- KfW Bankengruppe
- Kohlberg Kravis Roberts
- KPMG
- Legae Capital
- Les Affaires
- Macif Gestion
- Man Group
- McGraw Hill Financial
- Mercer
- Montrusco Bolton Investments
- MSCI ESG Research
- Nordea
- Northern Trust Asset Management
- OFI Asset Management
- Old Mutual plc
- Ownership Capital
- PBI Conseillers en Actuariat Ltée
- Presima
- PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil
- PriceWaterhouseCoopers
- PwC
- RepRisk
- Responsible Investor
- Robbins Geller Rudman & Dowd
- Robeco
- Simon Fraser University
- SSQ Groupe financier
- Standard Life Investments
- STANLIB Asset Management
- Sustainalytics
- Sycomore Asset Management
- TD Asset Management
- Thomson Reuters
- Towers Watson Investment Services
- TPG Capital Advisors
- Vancity Investment Management
- Varma Mutual Pension Insurance Company
- Vigeo
- Wellington Management Company

PRI GOVERNANCE OVERVIEW

The PRI's governance structure comprises a 16-person Council and a seven-person Board, supported by several committees. The Council is representative and sets the long-term direction of the Initiative while the smaller fiduciary Board is the legal entity that oversees the work of the Initiative. In September 2013, the PRI announced that it would carry out a review of its governance structure and in May 2014, an independent consultant, Carnstone Partners LLP, was engaged to undertake this review following a competitive and transparent tender process.

PRI ADVISORY COUNCIL

A representative 16-person Advisory Council determines the strategic direction of the PRI and provides oversight of the Initiative. Asset owner members of the Advisory Council and the Chair appoint the Board.

Number of Council representatives: 16, made up of nine asset owners, four non-asset owners, two UN representatives and a Chair.

Frequency: Meets in person two to three times annually.

Committees: Governance, Nominations, Election Oversight.

Term: The elected members serve terms of three years with a maximum of three consecutive terms. Additional terms may be served following a one year break from the Council. Elected by signatories via rolling annual elections. Signatories vote for candidates in their category. UN representatives are permanent members. The Chair is appointed by the 13 elected members of the Council.



PRI ASSOCIATION BOARD

The legal, fiduciary Board of PRI Association oversees the activities of the Secretariat.

Number of Board directors: At least seven, with the requisite skills, with a policy to have a majority of asset owner representatives, and the Chair.

Frequency: Meets in person three to four times annually and by teleconference a further four times.

Committees: Audit and Risk, Signatory Status, Remuneration.

Term: Three years, subject to an annual performance review by the asset owner members of the Council. Appointed by a majority vote of the asset owner members of the Council and the Chair, based on advice from a Nominations committee, following an assessment of skills and availability.



PRI EXECUTIVE

Responsible for the day-to-day operations of the Initiative and the execution of its strategy.

Executive Team members: Managing Director, Director of Operations and Finance, Director of Policy and Research (from October 2013), Director of Networks and Global Outreach (NGO) (from July 2014), Associate Director, Communications, Associate Director, Human Resources, Associate Director Signatory Services, Associate Director NGO, Senior Corporate Officer and General Manager. The Managing Director reports to the Board.

REFORMING PRI GOVERNANCE

At its Signatory General Meeting (SGM) in September 2013, the PRI announced plans to carry out a review of its governance structure. Carnstone Partners LLP, the independent consultant appointed to carry out the review, presented 10 key recommendations to the Council in July 2014. These recommendations, which are designed to enhance the structure, processes and performance of the PRI's governing bodies, are outlined below and will incorporate additional signatory feedback, gathered through extensive consultation, before being presented for discussion at the SGM in September 2014.

CARNSTONE PARTNERS LLP RECOMMENDATIONS

STRUCTURE

- 1 **Single Governing Body:** The dual Council / Board structure should be merged into a single governing body, the PRI Board.
- 2 **Advisory role of the UN:** The PRI's two UN partners, UN Global Compact and UNEP Finance Initiative, will continue to attend the PRI Board as senior advisors on a permanent basis.
- 3 **Independent Chair:** The Chair will not represent any of the signatory groups and will be an independent person.
- 4 **Fewer standing committees:** Board committees should be formed to facilitate governance and fiduciary responsibilities. The number of committees should be kept to a minimum and seats restricted to Board members.
- 5 **Unambiguous control:** All Board members, with the exception of the UN partners, but including the Chair, will be the sole 'Members' of the Company.

PROCESS AND PERFORMANCE

- 6 **Clear responsibilities:** Clear terms of reference, lines of accountability and delegated authorities should be defined for the Chair, the Board of Directors, the committees and the Managing Director.
- 7 **Signatory involvement in governance:** Signatories will have certain matters reserved for their endorsement.
- 8 **Board member continuity:** Board members should provide continuity in governing the PRI and be accountable to signatories. The role of alternates will be removed.
- 9 **Maintaining the skill level of the Board:** The current eligibility requirement for the PRI Board (i.e. those holding current CEO / CIO / Board director / trustee positions) will be extended to include retired or ex-CEOs / CIOs / Board directors / trustees.
- 10 **Formal Board reviews:** The Board will carry out a formal review process on an annual basis, evaluating both Board function, committee structure and individual member performance.

PRI ADVISORY COUNCIL

CHAIR



Martin Skancke
Chair, PRI Advisory Council

Appointed 2014
Term expires: 2017

Experience:

- Head of Asset Management Department, Norwegian Ministry of Finance
- Director General and Head of Domestic Policy Department, Office of the Prime Minister, Norway



Dr. Wolfgang Engshuber
Chair, PRI Advisory Council

Appointed
Until 31 March 2014

Experience:

- President, Corporate Centres, Munich Re America
- Director, MEAG New York

UNITED NATIONS



Achim Steiner
Executive Director, UNEP

Permanent
Appointed: 2006

Experience:

- Director General of the World Conservation Union (IUCN)
- Advisory Board, China Council for International Cooperation on Environment and Development



Georg Kell
Executive Director, UN Global Compact

Permanent
Appointed: 2006

Experience:

- Executive Office, UN Secretary-General Kofi Annan
- UN Conference on Trade and Development (UNCTAD)

ASSET OWNER



David Atkin
CEO, Cbus

Asset Owner – OCEANIA
Elected: 2012
Term expires: 2015

Experience:

- CEO, Emergency Services and State Super
- CEO, JUST Super
- National Marketing and Communications Manager, STA



John Oliphant
Principal Executive Officer, Head: Actuarial and Investments

Asset Owner – AFRICA/MIDDLE EAST
Elected: 2011
Stood aside in November 2013 (replaced by GEPP alternate)

Experience:

- Chairman, IoDSA CRISA
- Member of the Investment Committee, PAIDF
- Head of Investments and Actuarial, GEPP



Marcel Barros
Board member, PREVI

Asset Owner – LATIN AMERICA
Elected: 2011
Term expires: 2014

Experience:

- General Secretary, Contraf-CUT
- Coordinator, UNI-Global Union
- Member of the Board, Cassi



Niels Erik Petersen
CIO, Unipension

Asset Owner - EUROPE
Appointed
Term expires: 2016

Experience:

- Head of Equities, ATP
- Head of Equity Research, Danske Bank
- Chairman, The Danish Society for Financial Analysts



Else F. Bos
CEO, PGGM

Asset Owner – OPEN
Elected: 2011
Term expires: 2014

Experience:

- Deputy CEO, Chief Institutional Business PGGM,
- CEO Investments, PGGM
- COO/CFO, NIB Capital Asset Management
- COO, ABN-AMRO Asset Management



Daniel Simard
CEO, Bâtirente

Asset Owner – NORTH AMERICA
Elected: 2012
Term expires: 2015

Experience:

- Registered Group-Annuity Advisor, Québec's Financial Market Authority
- Member, Global Union's Committee on Workers' Capital
- Member of the Board of Directors, SSQ Life Insurance Company



Priya Sara Mathur
Board member, CalPERS

Asset Owner – OPEN
Elected: 2011
Term expires: 2014

Experience:

- Member of the Investor Advisory Council, Astia
- Principal Financial Analyst, Bay Area Rapid Transit District
- Consultant, Public Financial Management Inc.



Eric Wetlaufer
Senior Managing Director & Global Head of Public Market Investments

Asset Owner – OPEN
Elected: 2012
Term expires: 2015

Experience:

- Member of the Board of Directors, TMX Group
- Group CIO, International at Fidelity Management & Research
- Partner, Oxhead Capital Management

NON ASSET OWNER



Paul Abberley
CIO, Charles Stanley & Co. Limited

Non Asset Owner – OPEN

Elected: 2011
Term expires: 2014

Experience:

- CEO/CIO, Aviva Investors London
- CIO FI, ABN AMRO Asset Management
- Head of Fixed Income, Lombard Odier



Peter Webster
CEO, EIRIS

Non Asset Owner – Professional Service Partner

Elected: 2013
Term expires: 2016

Experience:

- Led EIRIS since 1983
- Treasurer of UKSIF for 20 years



Colin Melvin
CEO, Hermes Equity Ownership Services

Non Asset Owner – OPEN

Elected: 2013
Term expires: 2016

Experience:

- CEO and founder of Hermes EOS,
- Qualified fund manager and an associate member of the CFA Institute



Luciane Ribeiro
Executive Director, Santander Asset Management

Non Asset Owner – OPEN - Emerging Market

Elected: 2011
Term expires: 2014

Experience:

- Director, Santander Asset Management
- Executive Director, ABN AMRO Asset Management Argentina
- Executive Director, Banco Safra

ADVISORY COUNCIL ATTENDANCE (JULY 2013-JUNE 2014)

All Council representatives are expected to commit to a three-year term and to attend a minimum of three in-person Council meetings in any two-year period after being elected. Delegates may be permitted when the representative is

unavailable. The signatory organisation that nominated the Council representative is responsible for paying the costs associated with their representative attending meetings.

REPRESENTATIVE	SCHEDULED IN-PERSON MEETINGS (SEP. 2013 & MAR. 2014)	CONFERENCE CALLS
Paul Abberley	2/2	0/2
David Atkin	2/2	2/2
Marcel Barros*	0/2	1/2
Else Bos	2/2	2/2
Wolfgang Engshuber (Advisory Council Chair until March 2014)	2/2	1/2
Georg Kell**	2/2	1/2
Priya Mathur	2/2	2/2
Colin Melvin	2/2	2/2
John Oliphant***	1/2	0/2
Niels Erik Petersen	2/2	2/2
Luciane Ribeiro****	1/2	0/2
Daniel Simard	2/2	1/2
Achim Steiner**	2/2	2/2
Peter Webster	2/2	2/2
Eric Wetlaufer	2/2	2/2

* Marcel Barros was represented by a designate at two in-person meeting.
 ** The UN partners were represented by designates at in-person meetings and conference calls.
 *** In the absence of John Oliphant, GEPF provided designates to one conference call and two in-person meetings.
 **** Luciane Ribeiro was represented by a designate on one conference call that she could not attend.

PRI ASSOCIATION BOARD



Glen Saunders
Chair, PRI Association Board
Appointed to September 2014

Experience:

- Senior adviser to the executive Board, Triodos Bank
- Chairman, Sustainalytics
- Executive Chair, Prometheus Finance

Qualifications:

- BSc, University of Sussex



David Russell
Co-Head of Responsible Investment, USS
Appointed to December 2014

Experience:

- Member of FTSE Environmental Markets Advisory Committee
- Founding Steering Committee member, IIGCC
- Corporate Environmental Manager, FTSE listed retail company

Qualifications:

- MSc, University of Aberystwyth



Martin Skancke
Chair, PRI Advisory Council
Appointed to April 2017

Experience:

- Head of Asset Management Department, Norwegian Ministry of Finance
- Chief Economic and Policy Advisor to the Prime Minister of Norway

Qualifications:

- MSc Econ, London School of Economics
- MBA, Norwegian School of Economics (NHH)



David Atkin
CEO, Cbus
Appointed to December 2016

Experience:

- CEO, Emergency Services and State Super
- CEO, JUST Super
- National Marketing and Communications Manager, STA

Qualifications:

- Diploma of Financial Services
- MA, Latrobe University
- BA (Hons), University of Melbourne



Else F. Bos
CEO, PGGM
Appointed to December 2015

Experience:

- Deputy CEO, Chief Institutional Business PGGM
- CEO Investments, PGGM
- COO/CFO, NIB Capital Asset Management
- COO, ABN-AMRO Asset Management

Qualifications:

- Drs., Rotterdam Erasmus University



Priya Sara Mathur
Board member, CalPERS
Appointed to October 2015

Experience:

- Member of the Investor Advisory Council, Astia
- Principal Financial Analyst, Bay Area Rapid Transit District
- Consultant, Public Financial Management Inc.

Qualifications:

- MBA, Haas School of Business, University of California, Berkeley
- BA, Connecticut College



Christopher Ailman
CIO, CalSTRS
Appointed to December 2016

Experience:

- CIO of the Washington State Investment Board
- CIO of Sacramento County Employees Retirement System

Qualifications:

- BA Business Economics, UCSB
- Certified Financial Planner, University of Southern California



Dr. Wolfgang Engshuber
Chair, PRI Advisory Council
Appointed until 31 March 2014

Experience:

- President, Corporate Centres, Munich Re America
- Director, MEAG New York

Qualifications:

- Ph.D, University of Munich
- Masters of Law, University of Munich

BOARD MEETING ATTENDANCE AND FEES (JULY 2013-JUNE 2014)

The Board meets in person three to four times a year and by teleconference a further four times.

For the year ending 31 March 2014, two members of the Board received remuneration, in addition to reimbursement for travel, accommodation and reasonable expenses associated with attending Board meetings.

DIRECTOR	SCHEDULED IN-PERSON MEETINGS (SEP. 2013 & MAR. 2014)	CONFERENCE CALLS	FEES
Chris Ailman	1/1	5/6	-
David Atkin	2/2	6/7	-
Else Bos	2/2	7/7	-
Wolfgang Engshuber *	2/2	4/6	£31,000
Priya Mathur	2/2	6/7	-
David Russell	2/2	7/7	-
Glen Saunders	2/2	7/7	£31,000
Martin Skancke**	N/A	1/1	-

* Advisory Council Chair until March 2014
** Advisory Council Chair from April 2014

COUNCIL AND BOARD COMMITTEES

ADVISORY COUNCIL COMMITTEES

ELECTION OVERSIGHT

Appointed by the Council.

Members: David Atkin (Chair), Wolfgang Engshuber (until March 2014), Glen Saunders (until March 2014), Martin Skancke (from April 2014), Daniel Simard and Peter Webster (from April 2014).

The purpose of the committee is to oversee the annual Advisory Council elections.

Between July 2013 and June 2014 the committee met four times.

GOVERNANCE

Appointed by the Council.

Members: Marcel Barros (from October 2013), Ann Byrne (until September 2013), Niels Erik Petersen, Priya Mathur (Chair), Colin Melvin (from April 2014), Gavin Power (from April 2014), Daniel Simard (from October 2013) and Eric Wetlaufer.

The purpose of the committee is to assist the Council by reviewing best practice Board governance trends for their applicability to the PRI Association (the Company), reviewing and updating the Company's governance principles, policies and practices and potentially consulting with PRI signatories regarding the governance of the Company. In addition to this, the committee ensures transparency to the PRI's signatories regarding the governance of the Company and reviews and advises on any governance matter submitted for its consideration by the Council.

Between July 2013 and June 2014 the committee met five times.

NOMINATIONS

Appointed by the Council.

Members: David Atkin, Else Bos, Wolfgang Engshuber (until March 2014), Colin Melvin (from April 2014), John Oliphant (Chair), Gavin Power and Daniel Simard.

The purpose of this committee is to ensure that the PRI Association Board collectively has the range of skills, experience and expertise necessary to oversee the activities of the Executive. Further information on the skills required is set out in [How the Board works](#).

Between July 2013 and June 2014 the committee met twice.

ADVISORY COUNCIL CHAIR SEARCH

A temporary committee was appointed by the Council and the Board to assist in the search for a new Council Chair.

Members: David Atkin, Else Bos, Paul Abberley (Chair), Melissa Brown (until September 2013), Colin Melvin and John Oliphant.

Thirty six applicants responded to the advertisement for the position in The Economist in July 2013 and a search firm undertook more than 150 interviews with signatories in all categories and regions to ensure they are aware of the process and to seek their suggestions about potential candidates.

Martin Skancke was appointed the new Council Chair from 1 April 2014 for a term of three years.

BOARD COMMITTEES

SIGNATORY STATUS

Appointed by the Board.

Members: Paul Abberley, Chris Ailman (from April 2014), David Russell (from April 2014), Glen Saunders (Chair) and Daniel Simard.

The purpose of the committee (formerly the Membership committee) is to oversee all matters relating to the status of PRI signatories, potential signatories and other organisations in relation to the categories set out in the Articles of Association, Administrative Rules and other categories. More recently this has included escalated decisions relating to the reduction or suspension of mandatory reporting.

Between July 2013 and June 2014 the committee met six times.

REMUNERATION

Appointed by the Board.

Members: David Atkin, Else Bos (Chair), Wolfgang Engshuber (until March 2014) and Martin Skancke (from April 2014).

The purpose of the Remuneration committee is to ensure that remuneration arrangements support the strategic aims of the PRI Association and enable the recruitment, motivation and retention of staff while complying with the requirements of regulatory and governance bodies, satisfying the expectations of its members and remaining consistent with the expectations of the wider target employee population.

Between July 2013 and June 2014 the committee met twice.

AUDIT AND RISK COMMITTEE

Appointed by the Board.

Members: Chris Ailman (from December 2013), Priya Mathur (from April 2014), David Russell (Chair) and Glen Saunders.

The purpose of the Audit and Risk Committee is to provide assurance to the Association Board as to the veracity of the financial statements, the efficacy of risk management and the strength and appropriateness of control processes across the PRI Association.

Between July 2013 and June 2014 the committee met three times, including a meeting with the auditors.

PRI EXECUTIVE MANAGEMENT STRUCTURE



MANAGING DIRECTOR

Fiona Reynolds

Fiona Reynolds joined the PRI as Managing Director in February 2013 and is responsible to the Advisory Council and Board for the execution and implementation of the strategic plan and other decisions of the Board and Council. Prior to joining the PRI, Fiona was the Chief Executive Officer at the Australian Institute of Superannuation Trustees (AIST) for six years. Fiona has more than 16 years' experience in the pension sector and has played a role in advocating pension policy change on behalf of working Australians. Fiona has formerly been a Director of AUSfund, Industry Funds Credit Control, and the National Network of Women in Super. Fiona is also on the Board of Australia for UNHCR – United Nations High Commission for Refugees. In September 2012 she was named by the Australian Financial Review as one of Australia's top 100 women of influence for her work in public policy. Fiona has a range of superannuation qualifications and a Graduate Diploma in Public Policy. She is currently undertaking a Master of Business Administration (MBA).



DIRECTOR OPERATIONS AND FINANCE

Mark Blair

Mark Blair joined PRI as Director of Operations and Finance in July 2010. For many years Mark was Chief Finance Officer of General Atlantic (the business arm of the Atlantic Philanthropies) in the UK and also CEO of a luxury goods division within the group. Mark began his professional career as an Investment Analyst in the City before becoming a Chartered Management Accountant. He has since combined several international Managing and Finance Director roles, predominantly in fashion, leisure, retail and online. Mark is involved with Child's i Foundation, a charity dealing with baby abandonment in Uganda, which was set up in 2009.



GENERAL MANAGER

Sagarika Chatterjee



ASSOCIATE DIRECTOR, COMMUNICATIONS

Matthew McAdam



ASSOCIATE DIRECTOR, SIGNATORY SERVICES

Lorenzo Saà



SENIOR CORPORATE OFFICER

Christopher Sperling



ASSOCIATE DIRECTOR, HUMAN RESOURCES

Craig Fergusson



**DIRECTOR
NETWORKS & GLOBAL
OUTREACH**

Yann Gindre

Yann Gindre joined the PRI in June 2014 as the Director of Networks and Global Outreach and member of the Executive team. He is responsible for developing the PRI's global outreach, signatory relations and recruitment strategy, working closely with PRI staff based in the United States, Australia, Japan, South Africa, South America and Europe. Yann has over 25 years' experience in international banking & capital markets, and prior to working as a consultant in 2013, was CEO of Natixis CIB Americas, a division of French banking, investment management and financial services group Natixis. Between 1988 and 2004 he was based in London as Global Head of Debt Capital Markets at several US and European banks, including UBS, Barclays Capital, Commerzbank, and JP Morgan Chase. Yann holds a Master of Business Administration (MBA) from London Business School.



**DIRECTOR
POLICY AND
RESEARCH**

Helene Winch

Helene Winch joined the Principles for Responsible Investment (PRI) in October 2013 as Director of Policy and Research and is responsible for the PRI's policy and research work stream, supporting signatories to identify and overcome barriers that currently prevent financial markets from functioning more sustainably. She was previously Head of Policy at BT Pension Scheme Management Ltd, the executive company and investment advisor to the £40bn BT Pension Scheme (BTPS). Helene has an MSc in Maths and Finance from Imperial College, London and an MA in Engineering Science from Cambridge University.



**ASSOCIATE DIRECTOR
NETWORKS & GLOBAL
OUTREACH**

Maria Lettini

FINANCIAL REPORT

INCOME

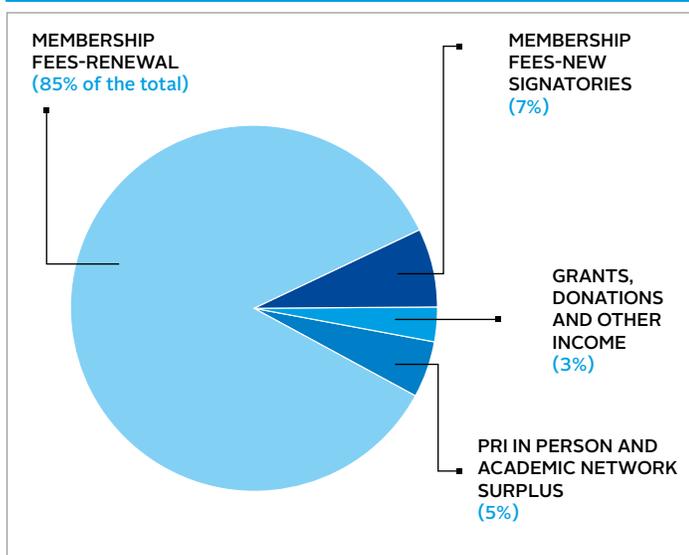
During the 2013/14 financial year, the PRI derived income from the following sources:

- Signatory fees:** All signatories pay an annual fee, based on their total assets under management (for asset owners and investment managers) or number of employees (for service providers). Last year, income from new and existing signatories amounted to £3.95 million (2012/13: £3.2 million), accounting for nearly 92% of the PRI's income.
- Grants, donations and other income:** The PRI received a £44,000 grant from the UK Foreign & Commonwealth office to promote responsible investment in Japan and a £39,000 donation from the Marathon Club to support our new policy and research work stream. In addition, the PRI received income from sponsors for several smaller projects, events and publications.
- PRI in Person.** Event sponsorships and delegate fees from the PRI's annual conference, held in Cape Town, South Africa in September 2013, contributed £239,000 in net income.

SUMMARY OF INCOME

	ACTUAL 2012/13 (£,000s)	ACTUAL 2013/14 (£,000s)
Membership fee-renewal	2,947	3,660
Membership fee-new signatories	275	293
Grants, donations and other income	224	121
PRI in Person and Academic Network Conference Surplus	60	239
TOTAL INCOME (excl PRI in Person)	3,506	4,313

HOW THE PRI IS FUNDED FOR THE YEAR ENDED 31 MARCH 2014



FUNDING STRATEGY

The PRI's funding strategy seeks to secure stable and diversified financial resources that will guarantee its ability to deliver services to signatories and fulfil its mission over the longer term. With this objective in mind, and as part of the development of its 2015-18 strategic plan, the PRI is currently reviewing its long-term funding model in order to better meet funding requirements.

A diverse funding base generating sustainable income from several sources is expected to take several years to achieve, and the PRI will be consulting with signatories in early 2015 on a new funding model to support the delivery of its next strategic plan.

NOTES TO THE ACCOUNTS

2013/14 ACTUAL EXPENDITURE

During 2013/14, total expenditure grew to £4.3 million (2012/13: £3.3 million). A summary is provided on page 40 and further information about material changes in spending patterns of the PRI's annual budget during the period is below.

- **1. Staff costs:** The PRI's staff are its main asset and as a result, salary costs make up the largest single item of expenditure. Over the period, total staff numbers grew from 43.6 to 52.4 full-time equivalents (FTEs), including 2 senior appointments to the Executive Team at Associate Director level or above. The Communications, Events and IT functions continued to expand in order to reduce reliance on external providers. January 2013 saw the PRI complete the implementation of a new remuneration structure which began in 2012 with the aim of assisting both recruitment and retention. Total staff costs increased to £2.3 million.
- **2. Bought-in services and consulting:** External suppliers are contracted where there is a short-term or one-off requirement for support or expertise, and where internal resources or expertise is unavailable. All major procurement projects and consultancy engagements are reviewed by the Director of Operations and Finance before the appointment is confirmed.

This included temporary staff to provide support during peak processing times for Reporting and Assessment activity, commissioning experts to produce specialist research on ESG topics to support engagements (e.g. fracking and water risks), and an external consultancy to manage the development, administration and analysis of responses to the PRI's 2014 Signatory Satisfaction Survey. The PRI has also utilised consultants to provide support for payroll, translation, business planning, governance reviews, research to support implementation support publications, co-funding of staff with the Foundation for the Global Compact, and the migration to a new IT platform. The total cost of bought-in services and consulting increased to £469,000.

The PRI incurred costs greater than £10,000 with these providers: Right Lane Consulting, Foundation for the Global Compact, Language Connect, Dr Rory Sullivan, PwC, Carnstone Partners, Per Ardua Associates, Today's Translations, Broadwaters Advisory Services.

The PRI is committed to ensuring a fair, transparent and accountable process for the purchasing of goods and services from external suppliers. A copy of the PRI's procurement policy, which provides direction to staff in relation to tendering, contracting and procurement activity, is available for signatories to review on the Signatory Extranet.

- **3. Meetings and travel expenses:** An extensive series of in-person events, workshops and consultations were held as part of the PRI's governance review, and signatory satisfaction survey. Additional travel costs were also incurred in South Africa, the United States, Brazil and Europe to service local signatories prior to the appointment of new and/or additional Network managers in these countries during 2013/14. In addition, the PRI changed its travel policy at the beginning of the year to permit staff travelling on flights of more than 10 hours in duration to travel in Premium Economy (or equivalent), excluding travel associated with PRI in Person. Total costs associated with meetings and travel increased to £296,000 for the 2013/14 financial year.
- **4. Rent:** The PRI moved from serviced offices in Shoreditch, East London, to larger, refurbished offices in Aldgate, closer to the City of London, in December 2013. The new office provides additional space to convene signatory meetings and events. As part of this relocation, total rental costs increased from £225,000 in 2012/13 to £331,000 in 2014, mostly as a result of the overlap between locations.
- **5. Network teams:** Networks provide support to signatories at a local or regional level, with staff based in the United Kingdom, Japan, South Africa, Australia, Germany and Brazil. Delays recruiting a US Network Manager during the period resulted in total Network team costs declining to £244,133 for the 2013/14 financial year.
- **6 Staff recruitment:** The PRI employed a number of additional staff over the 2013/14 period, with total staff increasing from 43.6 to 52.4 full time equivalent. Total costs increased from £76,000 in 2012/13 to £160,000 in 2013/14.
- **7. IT costs and telephones:** The move to a new London office provided an opportunity to upgrade the PRI's IT infrastructure and migrate from several IT platforms to Microsoft Office 365. As part of this transition, total costs increased to £146,000 for the 2013/14 financial year.

- **8. Legal and professional services:** This includes trademark registration, governance, audit and tax advices services over the period. Total costs increased from £61,000 in 2012/13 to £94,000 in 2013/14.
- **9. Reports and printing:** In 2013, the PRI employed additional resources in its communications team, which resulted in many outsourced services being performed internally. Total costs decreased from £83,000 in 2012/13 to £59,000 in 2013/14.

- **10. Signatory and other hospitality:** This reflects an increase in both signatory and staff numbers over the period, including an official office opening and an increased number of events in the new office facilities. Total costs increased from £17,000 in 2012/13 to £38,000 in 2013/14.

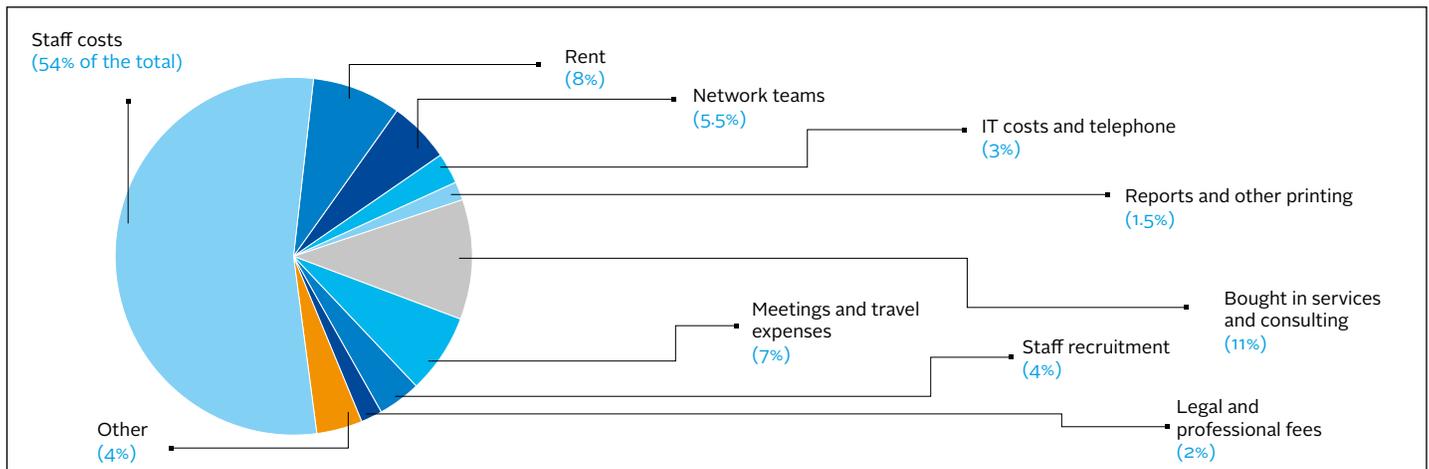
SUMMARY OF EXPENDITURE

Staff costs ¹
Bought in services and consulting ²
Meetings and travel expenses ³
Rent ⁴
Network teams ⁵
Staff recruitment ⁶
IT costs and telephone ⁷
Events, conferences and equipment costs
Legal and professional services ⁸
Reports and printing ⁹
Signatory and other hospitality ¹⁰
Staff training and development
Bank charges and discounts
Subscriptions
Loss on foreign currency
Academic awards
Other expenditure

	ACTUAL 2012/13 (£.000s)	ACTUAL 2013/14 (£.000s)	CHANGE
Staff costs ¹	1,737	2,290	↑
Bought in services and consulting ²	318	469	↑
Meetings and travel expenses ³	247	296	↑
Rent ⁴	225	331	↑
Network teams ⁵	297	244	↓
Staff recruitment ⁶	76	160	↑
IT costs and telephone ⁷	138	146	↑
Events, conferences and equipment costs	37	40	↑
Legal and professional services ⁸	61	94	↑
Reports and printing ⁹	83	59	↓
Signatory and other hospitality ¹⁰	17	38	↑
Staff training and development	24	37	↑
Bank charges and discounts	10	16	↑
Subscriptions	17	19	↑
Loss on foreign currency	4	11	↑
Academic awards	7	10	↑
Other expenditure	5	3	↓
TOTAL	3,303	4,263	↑

Expenditure from PRI in Person not included

SUMMARY OF EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2014



	MARCH 2013	MARCH 2014
NUMBER OF STAFF BY DEPARTMENT		
Communications and Events	3	7
Executive	3	4
Networks and Global Outreach	6.2	7.4
Operations and Finance	6.4	7.4
Policy, Research & Academic Network	3	3
Signatory Relations	2	2
Signatory Services (<i>incl. Reporting and Assessment, Implementation Support, Investor Engagements</i>)	20	21.6
	-----	-----
TOTAL	43.6	52.4
	=====	=====

NUMBER OF STAFF BY DEPARTMENT

Communications and Events
Executive
Networks and Global Outreach
Operations and Finance
Policy, Research & Academic Network
Signatory Relations
Signatory Services (*incl. Reporting and Assessment, Implementation Support, Investor Engagements*)

TOTAL

CASH RESERVES

In 2013/14, the PRI incurred a small surplus of £38,000 (2012/13: £266,000). Cash declined by £204,000 to £1.6 million at the end of the period, primarily reflecting the cost of relocating to a new office in London. This cash balance is equivalent to six months of core expenditure.

In the current year, the PRI expects to make a loss of £341,000 after drawing down on reserves to accelerate the development of the Initiative and respond to requests for additional services from signatories, the growth in signatory numbers, the expansion of our work programme and the move to a mandatory reporting and assessment framework.

ASSOCIATED ENTITIES

STICHTING RI

Stichting RI was established in 2012 as an independent not-for-profit Dutch-registered charitable foundation. It has a legal and fiduciary Board that oversees its activities and its directors are appointed by a majority vote of the PRI Advisory Council.

Its primary purpose is to attract grants from foundations or other organisations that support only charitable-status organisations. Unlike PRI Association, which is classified as a membership organisation, Stichting RI exists for the public benefit and its work is aligned with the PRI's mission, Principles and work streams such as the Academic Network.

During the year, its focus was to promote academic research on responsible investment and it contributed to the Academic Network conference Asia-Pacific Forum: Investing for sustainable and long-term returns in the Asia-Pacific Region, hosted by the PRI, National University of Singapore (NUS) and the Asia-Pacific Responsible Investment Forum in Singapore on 20 November 2013.

The Stichting has a dedicated website and additional information is available at:

<http://www.unpri.org/about-pri/stichting-ri/>

PRI ENTERPRISES

PRI Enterprises was incorporated in November 2013 as a subsidiary of the PRI Association. It was created to act as a vehicle for any future activity of PRI Association that may be commercial in nature. It was dormant for the period from incorporation to 31 March 2014.

PRI ASSOCIATION
A COMPANY LIMITED
BY GUARANTEE

BOARD REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR
ENDED 31 MARCH 2014

DIRECTORS

D Atkin
E Bos
D Russell
G Saunders
W Engshuber (until 31 March 2014)
P Mathur (appointed 9 April 2013)
C Ailman (appointed 1 October 2013)

SECRETARY

Bristows Secretarial Limited

COMPANY NUMBER

07207947 (England and Wales)

REGISTERED OFFICE

5th floor
25 Camperdown Street
London
E1 8DZ

INDEPENDENT AUDITOR

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review continued to be that of a network of international investors working together to put the Principles for Responsible Investment into practice. The company is not for profit.

DIRECTORS

The directors in office in the year were as follows:

- D Atkin
- E Bos
- D Russell
- G Saunders
- W Engshuber (resigned 31 March 2014)
- P Mathur (appointed 9 April 2013)
- C Ailman (appointed 1 October 2013)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 17 July 2014 and signed on its behalf.

D Russell
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRI ASSOCIATION

We have audited the financial statements of PRI Association for the year ended 31 March 2014. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Mark Worsey
(Senior Statutory Auditor)
for and on behalf of Buzzacott LLP,
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date 23 July 2014

AUDITED FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT

	NOTES	2013/14 £	2012/13 £
INCOME			
Administrative expenses	1, 2	4,502,350 (4,467,610)	3,637,936 (3,501,043)
OPERATING SURPLUS			
Other interest receivable and similar income	3	34,740	136,893
Interest payable and similar charges	6	5,153 (5)	8,146 (294)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		39,888	144,745
Tax on surplus on ordinary activities	7	(1,031)	121,292
SURPLUS FOR THE FINANCIAL YEAR	12	38,857	266,037

BALANCE SHEET

	NOTES	2013/14 £	2013/14 £	2012/13 £	2012/13 £
FIXED ASSETS					
Tangible assets	8		204,282		350
Investments	9		1		-
			204,283		350
CURRENT ASSETS					
Debtors	10	250,950		168,583	
Cash at bank		1,590,277		1,794,787	
		1,841,227		1,963,370	
CREDITORS: amounts falling due within one year	11	(481,940)		(439,007)	
NET CURRENT ASSETS			1,359,287		1,524,363
TOTAL ASSETS LESS CURRENT LIABILITIES			1,563,570		1,524,713
CAPITAL AND RESERVES					
Income and expenditure account	12		1,563,570		1,524,713
			1,563,570		1,524,713

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 July 2014.

D Russel,
Director

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.2 CASH FLOW

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.3 INCOME

Income represents annual subscriptions paid by members, events income, voluntary donations and grants. Subscriptions are recognised on joining the association or on subsequent renewal dates, on an accruals basis. Events income is recognised as the event occurs. Donations are recognised on a receipts basis. Reimbursement grants are recognised in line with relevant expenses on an accruals basis.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £600 with an expected useful life exceeding one year are capitalised. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvement costs	20% straight line
Fixtures and fittings	20% straight line
Office equipment PCs	33.33% straight line
Office equipment other	20% straight line

1.5 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 OPERATING LEASES

Rentals payable under operating leases are charged to the

income and expenditure account on a straight line basis over the expected lease term.

1.7 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

1.8 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Income and expenditure account.

1.9 RESEARCH AND DEVELOPMENT

Research and development expenditure is written off to the income and expenditure account in the year in which it is incurred. The company carries out research into responsible investment and the creation of sustainable capital markets.

1.10 PENSIONS

Contributions in respect of the company's defined contributions scheme are charged to the income and expenditure account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

1.11 BASIS OF CONSOLIDATION

The financial statements present information about the company as an individual undertaking and not about its group. The company is a parent company subject to the small companies regime. The company and its subsidiary comprise a small group. The company is therefore not required to and has not chosen to prepare group financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2 INCOME

84.2% of the company's income (2013 - 82.8%) is attributable to geographical markets outside the United Kingdom.

3 OPERATING SURPLUS

OPERATING SURPLUS IS STATED AFTER CHARGING:

Depreciation of tangible assets
- owned by the company
Pension costs

	2013/14 £	2012/13 £
	14,626	825
	79,329	63,726
	=====	=====

4 AUDITORS' REMUNERATION

Fees payable to the company's auditor and its associates
for the audit of the company's annual accounts

	2013/14 £	2012/13 £
	12,500	9,750
	=====	=====

5 DIRECTORS' REMUNERATION

Aggregate remuneration

	2013/14 £	2012/13 £
	62,000	110,576
	=====	=====

During the year retirement benefits were accruing to no directors (2013 - 1) in respect of defined contribution pension schemes.

Of the 6 directors, remuneration was paid to 2 directors (2013 - 3 directors).

6 INTEREST RECEIVABLE

Other interest receivable

	2013/14 £	2012/13 £
	5,153	8,146
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

7 TAXATION

	2013/14 £	2012/13 £
ANALYSIS OF TAX CHARGE/(CREDIT) IN THE YEAR		
UK corporation tax charge on surplus for the year	1,031	1,629
Adjustments in respect of prior periods	-	(122,921)
	-----	-----
TAX ON SURPLUS ON ORDINARY ACTIVITIES	1,031	(121,292)
	=====	=====

During 2013, PRI Association agreed with HM Revenue & Customs that the organisation does not carry on a taxable activity and therefore the prior year's tax charge in respect of the non investment income was reversed.

8 TANGIBLE FIXED ASSETS

	LEASHOLD IMPROVEMENT COSTS £	FIXTURES AND FITTINGS £	OFFICE EQUIPMENT £	TOTAL £
COST				
At 1 April 2013	-	-	1,800	1,800
Additions	136,461	61,607	20,490	218,558
	-----	-----	-----	-----
At 31 March 2014	136,461	61,607	22,290	220,358
	-----	-----	-----	-----
DEPRECIATION				
At 1 April 2013	-	-	1,450	1,450
Charge for the year	8,857	4,107	1,662	14,626
	-----	-----	-----	-----
At 31 March 2014	8,857	4,107	3,112	16,076
	-----	-----	-----	-----
NET BOOK VALUE				
At 31 March 2014	127,604	57,500	19,178	204,282
	=====	=====	=====	=====
At 31 March 2013	-	-	350	350
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

9 TANGIBLE FIXED ASSETS

INVESTMENTS IN SUBSIDIARY COMPANIES £

COST OR VALUATION

At 1 April 2013	-
Additions	1

At 31 March 2014	1

NET BOOK VALUE

At 31 March 2014	1

At 31 March 2013	-
	=====

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

NAME	CLASS OF SHARES	HOLDING
PRI Enterprises Ltd	Ordinary	100 %

PRI Enterprises Ltd was incorporated on 5 November 2013 and was dormant in the period from incorporation to 31 March 2014.

10 DEBTORS

	2013/14 £	2012/13 £
Trade debtors	50,040	30,359
Other debtors	200,910	138,224
	-----	-----
	250,950	168,583
	=====	=====

11 CREDITORS:

	2013/14 £	2012/13 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	106,405	207,501
Corporation tax	1,031	1,629
Other taxation and social security	33,295	53,186
Other creditors	341,209	176,691
	-----	-----
	481,940	439,007
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

12 RESERVES

INCOME AND EXPENDITURE ACCOUNT

At 1 April 2013	1,524,713
Surplus for the financial year	38,857

At 31 March 2014	1,563,570
	=====

13 PENSION COMMITMENTS

PRI Association operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund and amounted to £79,329 (2013 - £63,726).

Contributions totalling £103 (2013 - £13,267) were payable to the pension fund at the balance sheet date and are included in creditors.

14 OPERATING LEASE COMMITMENTS

At 31 March 2014 the company had annual commitments under non cancellable operating leases as follows:

	2013/14 £	2012/13 £
EXPIRY DATE:		
Within 1 year	-	53,400
Between 2 and 5 years	188,006	-
	=====	=====

15 CONTROLLING PARTY

In the opinion of the directors, there was no controlling party during the years ended 31 March 2013 and 2014.

16 COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

NEW SIGNATORIES

The PRI is pleased to welcome the following investors and service providers who joined the Initiative between July 2013 and June 2014:

AFRICA

- Aeon Investment Management (Pty) Ltd
- Allan Gray Group Proprietary Limited
- GraySwan Financial Services
- Kigoda Consulting
- Legae Securities
- South Suez Capital Ltd
- Transnet Retirement Fund
- Vantage Capital Fund Managers (Pty) Ltd

ASIA

- Asahi Life Asset Management Co., Ltd.
- Eurofin Asia Group Ltd
- Mitsubishi Corp. – UBS Realty Inc.
- OSO Manajemen Investasi
- QUICK Corp.
- SES
- Tokio Marine Capital Co., Ltd.

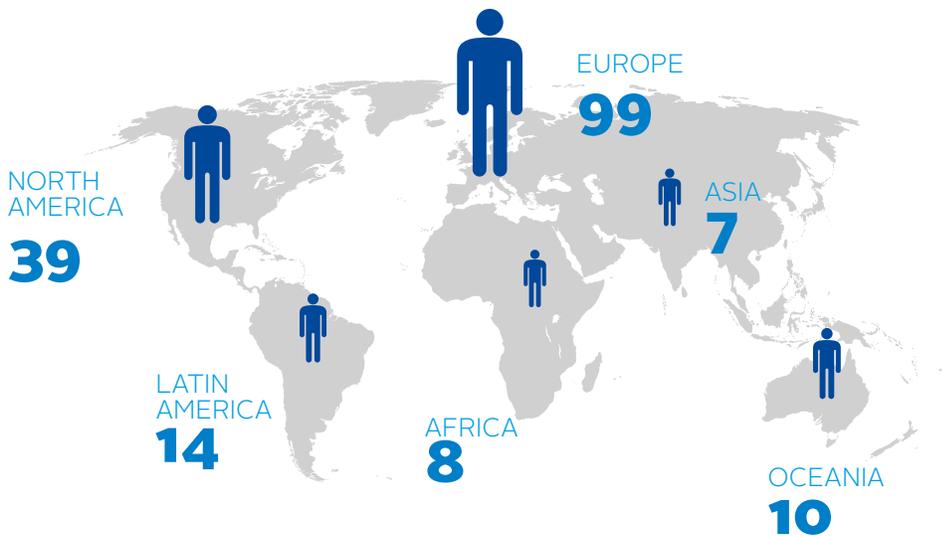
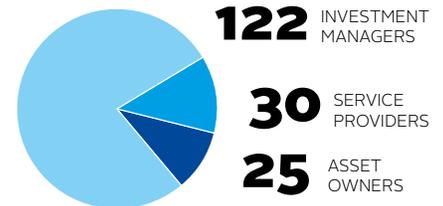
EUROPE

- AAC Capital Benelux
- Absolut Research GmbH
- Advanced Capital
- ALNUA Investment Managers
- Alter Equity
- AMA Partners
- Amethis Luxembourg S.à.r.l
- Arrowgrass Capital Partners LLP
- Ashmore Group plc
- Aviva Staff Pension Trustee Ltd
- Avoca Capital
- Axcel
- Balfour Beatty Infrastructure Partners, LLP
- Banexi Ventures Partners
- Banque Bonhôte & Cie SA
- Bantleon Bank AG
- BlueBay Asset Management LLP
- Bocap Investment Ltd
- Bpf HiBiN

JULY 2013 - JUNE 2014
NEW SIGNATORIES



NEW JOINERS BY SIGNATORY CATEGORY



- Bupa
- Cardano Development
- Charterhouse Capital Partners LLP
- Church Commissioners for England
- City of Espoo
- Cleanventure AG
- CONINCO Explorers in finance SA
- Contrast Capital AG
- Cording Real Estate Group LLP
- Credit Suisse Private Banking & Wealth Management
- Cube Infrastructure (Natixis Environnement & Infrastructures Luxembourg)
- Dalmore Capital
- Didner & Gerge Fonder AB
- DTZ Investment Management Limited
- EBG Investment Solutions AG
- Egeria

- Ekkio Capital
- Enabling Microfinance AG
- Esmee Fairbairn Foundation
- Espiga Capital
- Ethical Screening
- Evangelische Darlehns-genossenschaft eG
- Evolem
- Explora S.A.
- Fondo Pensione Gruppo Intesa Sanpaolo
- Foresight Group LLP
- Frontier Investment Management
- Glennmont Partners
- Golding Capital Partners
- Halder Beteiligungsberatung GmbH
- Hannoversche Alterskasse VVaG
- Hermes Equity Ownership Services Ltd
- IDF Capital
- ifund services AG
- Ignis Asset Management
- Indigo Capital France
- Intermediate Capital Group plc
- Intervalor AB
- Investisseurs & Partenaires
- Karmijn Kapitaal
- Keyhaven Capital Partners Limited
- Knight Frank Investment Management LLP
- La Banque Postale Gestion Privée
- Lannebo Fonder
- Länsförsäkringar Fondförvaltning
- Litorina
- MBO Partenaires
- Mid Europa Partners LLP
- Mirova
- Miura Private Equity
- Montefiore Investment
- MTree Capital Partners
- Munich Venture Partners
- Optimix Vermogensbeheer NV
- Osmosis Investment Management
- Periscope
- Phillimore
- Prosperity Capital Management
- Qualitas Equity Partners
- Raiffeisen Capital Management
- Ratos AB
- Rob Lake Advisors Ltd.
- Segulah Advisor AB
- Siparex

- Sparkassen Pensionskasse AG
- St Bride's Managers LLP
- Steyler Bank GmbH
- Stichting Pensioenfonds voor Huisartsen
- Stichting Pensioenfonds Werk en (re) Integratie
- Suma Capital SGEGR
- Superannuation Arrangements of the University of London (SAUL)
- Suva
- Syntaxis Capital
- SYZ & CO Asset Management LLP
- SYZ Asset Management SA
- Trilantic Capital Partners Europe
- TRPE Capital
- UK Green Investment Bank plc
- Unilever Pension Funds (Uninvest Company)
- VERKA VK Kirchliche Vorsorge VVaG

LATIN AMERICA

- Atlantes Operações Estruturadas
- Aurum Fund Management Ltd
- Bancolombia
- Caixa Econômica Federal - Viter
- Copa Investimentos
- GovernArt
- Invest Tech Participações e Investimentos Ltda
- Kerogen Capital
- Lacan Investimentos
- Portbank Asset Management
- Pragma Patrimônio
- Resultante Consultoria Estratégica
- SITAWI – Finance for Good
- Somma Investimentos

NORTH AMERICA

- ABS Investment Management LLC
- Analytic Investors, LLC
- AQR Capital Management
- Avanz Capital
- Babson Capital Management LLC
- Christian Brothers Investment Services, Inc.
- Clarion Partners, LLC
- Cohen & Steers
- Cornerstone Capital
- DCA Capital Partners

- Ellio GP - Strategic Sustainability Consulting
- Empirical Asset Management, LLC
- Franklin Templeton Investments
- Freycinet Investments Limited
- Gramercy Funds Management
- Hall Capital Partners LLC
- HarbourVest Partners, LLC
- Income Research & Management
- Invesco Ltd
- KKS Advisors
- Leith Wheeler Investment Counsel Ltd.
- Lexington Partners L.P.
- Mariner Investment Group, LLC.
- Mellon Capital Management Corporation
- Morgan Stanley Investment Management
- Newbury Partners
- Nomura Corporate Research and Asset Management Inc.
- Olympus Capital Asia
- Pension Consulting Alliance
- Private Advisors, LLC
- Resource Capital Funds
- S Network Global Indexes, Inc.
- Saturna Capital
- Silver Creek Capital Management
- Summit Global Management, Inc.
- TPG Capital Advisors, LLC
- Water Asset Management LLC
- Waterton Global Resource Management, Inc.
- Wilbanks Partners Ilc

OCEANIA

- Australasian Centre for Corporate Responsibility
- Bell Asset Management
- Good Super
- Infinitas Asset Management Ltd
- Karara Capital
- Laguna Bay Pastoral Company
- Palisade Investment Partners Limited
- Pennam Partners
- Pioneer Capital Partners
- Value ESG

DELISTED SIGNATORIES

Signatories are delisted if they do not pay the mandatory annual membership fee or participate in the annual reporting and assessment process, or if they choose to voluntarily leave the Initiative. From July 2013 to June 2014, the following signatories were delisted.

* Denotes a signatory that has been delisted due to merger with or acquisition by another signatory or where the parent organisation has subsequently signed up to the Principles.

** Denotes a signatory that has been delisted in July 2014 for failure to report.

- 3Sisters Sustainable Asset Management**
- Acclimatise
- AddVenture
- Albright Stonebridge Group
- Alterfin
- Anacacia Capital
- APN Property Group Limited
- Aquila Infrastructure Management Inc.
- Arkx Investment Management
- As You Sow
- Atlon Capital Partners
- ATP - The Danish Labour Market Supplementary Pension
- Australian Pastoral Funds Management Pty Limited
- Avida International
- Avior Research
- Banesprev
- Batterymarch Financial Management*
- Bedlam Asset Management plc
- Beetle Capital Partners
- Blue Sky Water Partners*
- BTS Investment Advisors Ltd.
- Cartesian Capital Group
- Catalyst Investment Managers Pty Ltd
- Cazenove Capital Management*
- Cedrus Partners
- CIA (Caisse de Prevoyance du Canton de Geneve)
- Coventry
- Cromwell Property Group
- Cyrte Investments*
- Darby Private Equity*
- Delsus Limited
- Deltec Capital Group Limited
- Diapason Commodities Management S.A.
- DIP JØP
- Eastspring Asset Management Korea Co., Ltd.
- Eco-Frontier
- Emergent Ventures International Pte. Ltd.
- Endeavour Sustainable Investment AG
- ETHICS SA
- FAIRINVEST.info
- Fiduciary Solutions
- First Affirmative Financial Network, LLC
- Five Oceans Asset Management
- FLAG Squadron Asia Limited
- Florint Capital Management
- Fonds Stratégique d'Investissement (FSI)*
- Frontier Investment and Development Partners (FIDP)
- Frontier Japan Association
- Fuji Pension Fund**
- Fundação Brasileira para o Desenvolvimento Sustentável - FBDS
- Futurcaval, F.P.*
- GFI Consultants Ltd
- Global Fund Exchange**
- Global Partnerships
- Gougenheim Investments AG
- Government Pension Fund of Thailand
- Grassroots Capital Partners Ltd
- HYY Group
- IndonesiaWISE
- Industriens Pensionsforsikring A/S
- Investin
- K2/D&S Management Co., L.L.C.*
- Korea Teachers Pension
- Lægernes Pensionskasse
- Latinvest Capital Partners LLC
- LD Pensions
- Lenox Park
- Leopard Capital
- LGT Capital Management Ltd.*
- Local Super*
- LUZ Engenharia Financeira
- M&G Real Estate*
- Malaczynski Burn (Pty) Ltd
- MARA Africa Opportunities SPC Ltd (MAO)
- Marc J Lane Investment Management Inc.
- Mazi Visio Manco Pty Ltd
- mecu
- Mercapital*
- Meta Asset Management
- Metropolitan Capital
- MGC3 (The Mareeba Group of Companies)
- Mutual Insurance Company Pension Fennia*
- Nollen Group
- NSG Capital
- Orion Asset Management
- Paradigm Change Capital
- Pen-Sam Liv forsikringsaktieselskab
- PensionDanmark
- PFA Pension*
- PKA
- Portland Private Equity
- Postalis
- Prosperis Sustainable Wealth Management
- Public Service Alliance of Canada (PSAC) Pension Fund
- Recke Consult Pte Ltd
- RepuTex Group
- Roodhals Capital B.V.
- Rothschild HDF Investment Solutions*
- Royal Bafokeng Holdings (Pty) Ltd
- SAMPENSION
- Santa Fé Portfolios Ltd
- Scottish Widows Investment Partnership Ltd*
- SIRIS
- Solability Co Ltd.
- Stichting Beroepspensioenfonds voor Zelfstandige Kunstenaars AENA
- Sustainable Technology Partners**
- Svenska Lärfonder Aktiefond
- SVG Advisers Limited*
- Swisscanto
- TAAM Asia Pacific Investments*
- Target Rock Advisors
- The Co-operative Asset Management*
- The Emerald Club
- Tremont Equity Advisors LLC
- Tricon Capital GP inc
- Tryg A/S
- Via Gutenberg
- VIS Investimentos
- W.P. Stewart & Co., Ltd.*
- Willow Impact Investors

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



UN Global Compact

Launched in 2000, the United Nations Global Compact is both a policy platform and practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and to catalyze 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

