

Principles for Responsible Investment

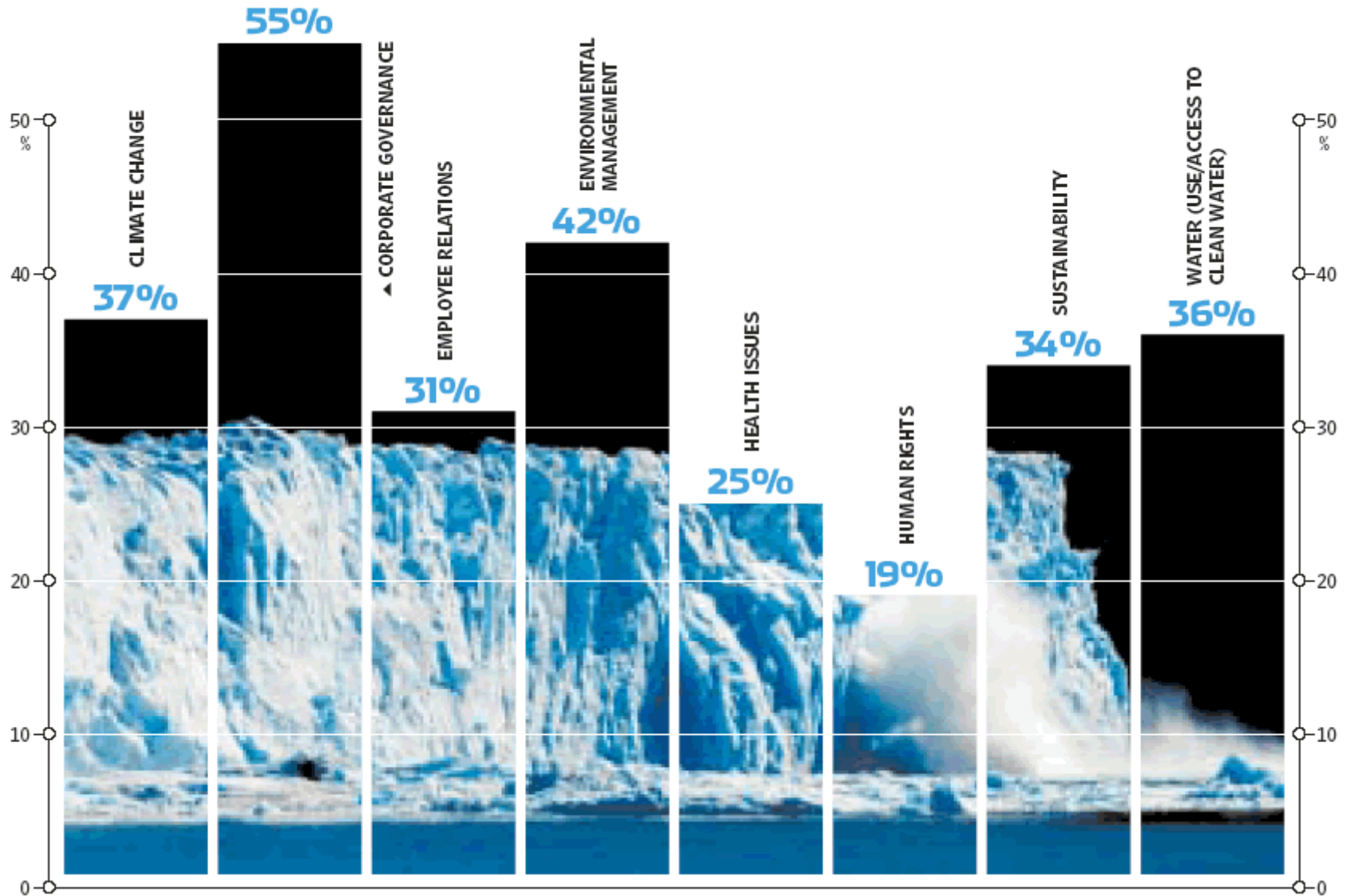


THE GLOBAL
COMPACT



UNEP **Finance Initiative**
Innovative financing for sustainability

Global poll of managers who feel that the following factors will become or will remain important in five years, average, per cent



Source: Mercer Investment Consulting; The Observer (UK) - 7 May 2006

PRI objective

- To develop and implement a set of global principles that facilitates the integration of ESG issues into mainstream investment practices

Design

- Convened by UN Secretary-General
 - Implemented by UNEP FI and UN Global Compact
 - One year process
- Institutional investor focus
 - Led by mainstream institutional asset owners
 - Backed by a multi-stakeholder expert group



PRI

Principles for Responsible Investment



APRIL
27
THURSDAY



About the Principles

The Principles:

- reflect a **broad and long term understanding of materiality.**
- are **grounded within the bounds of fiduciary duty.**
- can be **applied across mainstream portfolios and across different asset classes.**
- provide **practical guidance on key challenges.**
- can **make a difference.**

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.

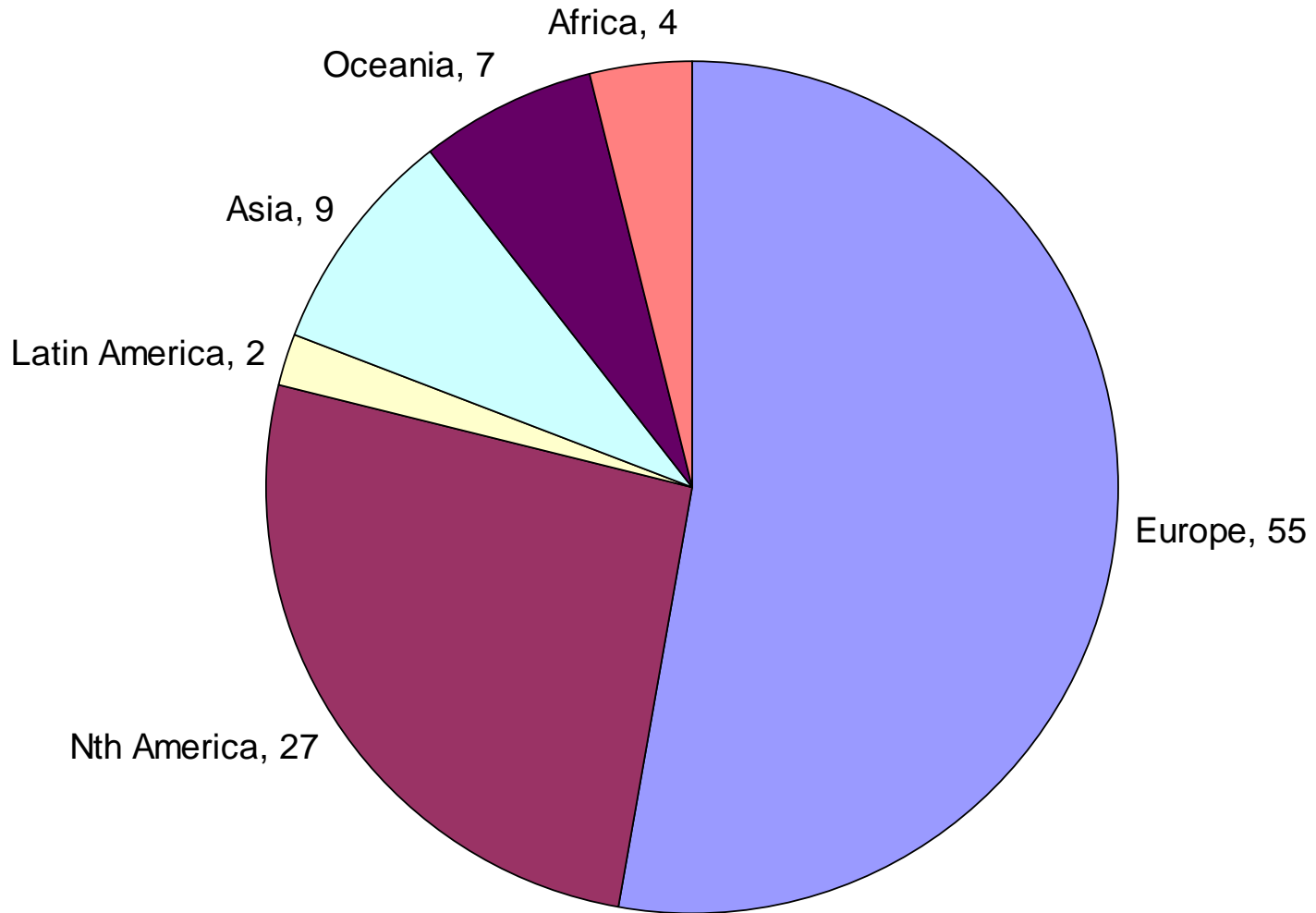
3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

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.

Signatories by region



Post-launch activities

- Engagement Clearinghouse
 - Email and web-based
 - Over 40 issues since October
 - **Hermes** - Engagement on the disclosure of greenhouse gas emissions
 - **CaIPERS** - Climate Risk Disclosure, GRI Disclosure, Sudan, Executive Compensation
 - **Hesta Super** - Transparency in private equity and hedge funds
 - **bcIMC** - Impediments to proxy voting; Majority voting standard for director elections
 - **F&C** - Extractive Industries Transparency Initiative
 - **Amalgamated Bank, NYCERS, Connecticut Retirement Plans** - Sourcing standards for apparel manufacturers and retailers
 - **Portfolio21** (Dexia Insurance Services) - ILO standards
 - **SHARE** - Transparency, Human Rights in Extractive Industries, Employment Security & Working Conditions, Corporate Governance
 - **NYCERS** – Walmart's labour standards

Post-launch activities

- **Enhanced analysis**
 - Strategic alliance with Enhanced Analytics Initiative to showcase ESG sell-side analysis
- **Implementation support**
 - “PRI in Practice” blog – focusing on first steps
 - Training workshops
- **Annual assessment of progress**
 - Positive, learning-by-doing exercise
 - ‘Name and fame’ – focus on good practice

Investment mega trends

- The arrival of the New Fiduciary
- The re-engineering of corporate and capital market governance
- The reality of a carbon constrained future
- The death of distance and the risk of instant notoriety
- The exponential rise in the importance of intangible assets
- The accelerated mainstreaming of responsible investment - including alternative asset classes

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