

General Annual Signatory Meeting - German Network

Presentation by Fiona Reynolds – PRI Managing Director

Main points of the presentation

- Update on PRI latest developments and growth.
- Update on recent Board and Council changes, and changes at management level in the PRI Secretariat.
- Update on the PRI German Network. New European Network Manager recruitment + German Network Officer.
- Update on the PRI Academic Network.

The PRI's message is reaching more investors than ever before - we welcomed our 1,200th signatory last year. While investment managers accounted for the largest number of joiners – particularly those in Europe, asset owners accounted for more than US\$2.2 trillion. This is a tremendous achievement for an organisation which counted just 50 founding signatories among its ranks in 2006. We also welcomed our first two family offices and third university endowment – University of St Andrews. During last year 70 signatories were delisted, as a result of either not paying the mandatory annual membership fee or refusing to participate in the upcoming annual reporting and assessment process, others delisted as result of mergers, were taken over by another signatory or chose to voluntarily leave the PRI. As 2012 was a voluntary pilot year, no signatories were delisted for failing to complete the Reporting Framework but we will be delisting signatories that fail to report under the new Framework by the end of March in mid 2014.

One challenge for the PRI at present is that the size of the average new signatory – and therefore the level of fees they pay to fund the PRI's work - is shrinking and this is presenting difficulties which PRI is addressing. One of the key aims for next year is a renovated focus on AO's and we have developed a target list in each country. We have also developed a top 30 new signatories we want to bring on board globally.

PRI's largest piece of work this year has been preparing for the launch of the **new Reporting Framework**, which will bring new levels of transparency to the work of the responsible investment industry and has seen PRI undertake the most extensive consultation process in its history.

The PRI has also **forged ahead with the implementation of its new strategic focus** - to help signatories identify and overcome **strategic barriers to a sustainable financial system**. We have recently published the results of the consultation that will determine

which research projects will be prioritised by the Secretariat. Helene Winch has joined the PRI as Director of Policy and Research, and is leading this new area of work. The consultation carried out last year identified that signatories want and support the PRI establishing a sensible, focused programme of work to help address barriers to a sustainable financial system. The single most important strategic barrier is investor short-termism, with 92% of respondents identifying this issue as being relevant or highly relevant.

Strengthening the PRI's governance framework has been a priority for the Council and Board following our last SGM in Rio in June last year. Annual elections are at the heart of PRI's governance process. Council members each serve 3-year terms and these are unpaid positions. Overseen by the Election Oversight committee, elections run from May to September. This year, over 40% of asset owners and nearly 30% of investment managers and professional service partners casted their vote. New Council Members are Colin Melvin (Hermes EOS), Peter Webster EIRIS, and Mr. Niels Erik Petersen (Unipension) was reappointed. PRI still has an open vacancy for the Asia AO Council position.

We have increased the size of the Board to at least seven members, with a policy that asset owner representatives with the requisite skills hold a majority of Board seats. We are currently interviewing for a 7th board member.

We are considering further changes to the Secretariat's management structure following James Gifford's decision to move on in November.

Over the last year we have invested in **improving PRI communications** – including new pages on the PRI's public website and documents and signatory extranet and material sent to signatories, media appearances and improving the quality of PRI publications.

Within the **German Network** until early 2013, the PRI had a part-time Network Manager based in Munich to service signatories in Germany, Switzerland and Austria, supported by one part-time consultant. As part of a move to a regional approach, a new European network manager is currently being recruited to support signatories in France, the Netherlands, Switzerland, Germany, Austria and Belgium. This position will be based in London or Germany. In addition to this we are very pleased to announce that Melanie Klebeck will continue in her position as German Network Officer, role she holds at present. Melanie is based in Munich.

Throughout 2012/13 the German Network concentrated its activities through its two working groups, Awareness Raising and Recruitment and Engagement with very good results. The successful publication and launch of the Leitfaden report together with the German Ministry of the Environment gave the German Network and PRI a lot of momentum and attracted new Signatories to the PRI.

In terms of other **PRI Networks**, we have successfully moved to regional networks in South America and Southern Africa, and we are now in the process of moving into a Regional Network in Continental Europe, and Nordic Europe. Country specific Networks remain in Japan, Korea (serviced by the Secretariat), Australia, US and Canada

(serviced from the Secretariat).

The **Academic Network's** focus in 2012/13 was on building the RI Knowledge Platform, a web-based library of papers, articles, book reviews and podcasts on ESG and related issues. A trial version of the platform is accessible via the PRI website. Final platform will be launched in the final quarter of 2013.

In October this year we published the first RI Quarterly. This publication reviews the insights of the global academic community and is aimed at scholars, signatories and others. The PRI's goal is to make RI Quarterly essential reading for ESG managers.

Research Insights is also due for publication in the final quarter of this year - it will provide an overview of the Academic Network's year with reports on 20 of the most important research findings of the global academic community, reviews of the three best-performing ESG funds and reflections on the state of responsible investment and where it is heading.

The Academic Network Conference has grown every year, both in attendee numbers and the range of issues addressed. The 2013 Annual Academic Conference was held in Paris 13-15 November, in association with Caisse des Dépôts and la Chaire Finance Durable et Responsable.

We are also holding an Asia Pacific Responsible Investment Forum in Singapore in November in conjunction with the National University of Singapore.

Last but not least, **PRI In Person**, our Annual global Signatory conference was successfully held in Cape Town this year, and we look forward to welcoming all of you for our next PRI In Person in Montreal in 2014.