Principles for Responsible Investment

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

# An update on sustainable investing

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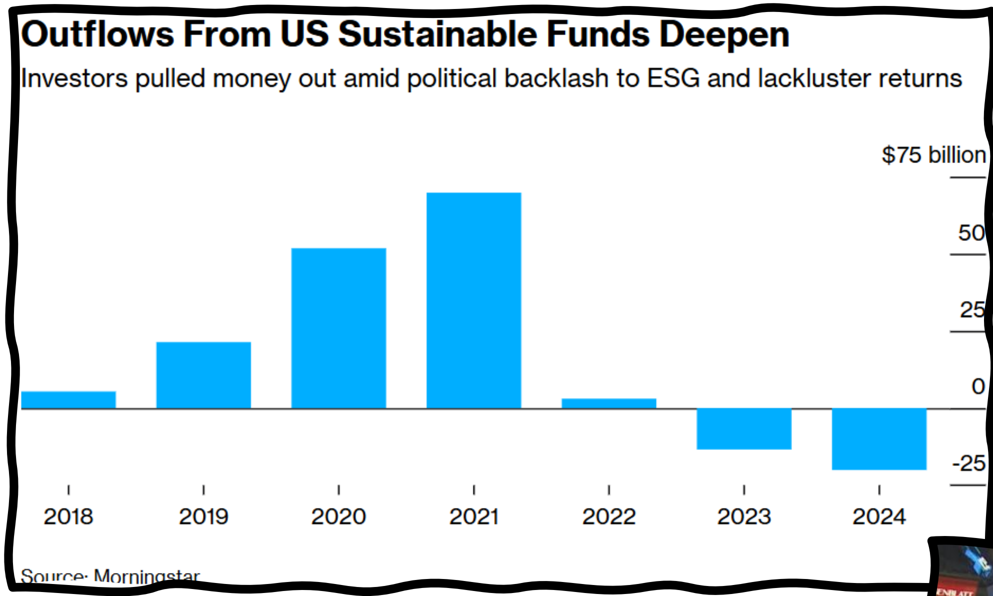
# The anti ESG backlash has created headwinds for responsible investors





# Trends from our signatories

- **C-Suite priorities** – senior leaders identify **value creation**, **long-term value** and **risk management** as key to the investment case for responsible investment.
- **Analysis of material ESG issues** – 80% of signatories with combined AUM of US$82.7 trillion[1] are identifying **climate-related** risks and opportunities.
- **Action on outcomes** – a significant proportion of signatories are taking action to **address sustainability outcomes**, with almost 50% identifying **financial materiality** as the key investment case.

[1] This figure represents the total combined AUM of signatories that identify climate-related risks and opportunities. Signatories do not necessarily identify these risks and opportunities across their entire AUM, they may only do so for a portion. The total AUM figure could include some double counting of assets, as some PRI signatories delegate the management of some assets to other investors who are also PRI signatories

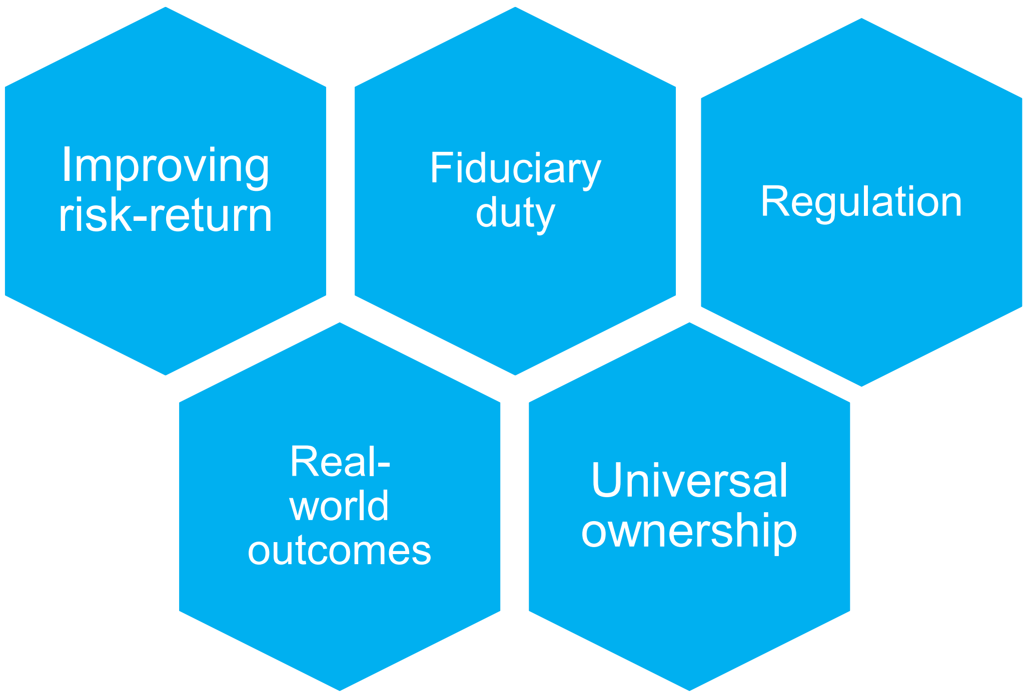
Source: PRI reporting, 2024

# No one size fits all sustainable investing approaches

| ESG incorporation | | | Stewardship | |
|---|---|---|---|---|
| Screening | ESG integration | Thematic investing | Stewardship with investees | Stewardship with other stakeholders |
| Negative exclusions<br>Best in Class<br>Norm based | Process of integrating ESG issues and information | Provide exposure to particular sustainability themes | Voting<br>Shareholder commitments<br>Engagement | Policy makers<br>Industry associations<br>Etc |

# The role of stewardship

*"The use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their interests depend ."*



## Example stewardship process for investors

1. Analise and map your portfolio
2. Conduct a stakeholders' materiality analysis
3. Perform a double materiality analysis
4. Prioritise objectives based on your strategy
5. Liaise with other companies / investors
6. Start with a small and limited number of companies
7. Establish clear expectations and KPI

# Investor stewardship: practical takeaways for companies

- Stewardship provides a signal on issues that investors have identified as material
- Investor engagement = an opportunity to deliver your communications strategy
- Ask questions
- Investor engagement can help facilitate internal focus and progress on an issue within your company
- Ensure engagement is resourced adequately
- Provide your own feedback to investors, what is useful what is not

# Thank you