

ESG Best Practices in Engagement Standards

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Agenda

1. About the PRI
2. Introducing investor engagement
3. Developing an approach to engagement
4. The evolution of stewardship: Active Ownership 2.0

About the PRI

The PRI

Investor-led, supported by the United Nations since 2006

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice.

Its goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions.



2

UN PARTNERS:
UNEP FINANCE INITIATIVE
UN GLOBAL COMPACT



4000+

SIGNATORIES:
ASSET OWNERS
INVESTMENT MANAGERS
SERVICE PROVIDERS



100+

US\$ trn
ASSETS UNDER
MANAGEMENT



The PRI

One Mission and Six Principles

"We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation."

1 We will incorporate ESG issues into investment analysis and decision-making processes.

2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

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

4 We will promote acceptance and implementation of the Principles within the investment industry.

5 We will work together to enhance our effectiveness in implementing the Principles.

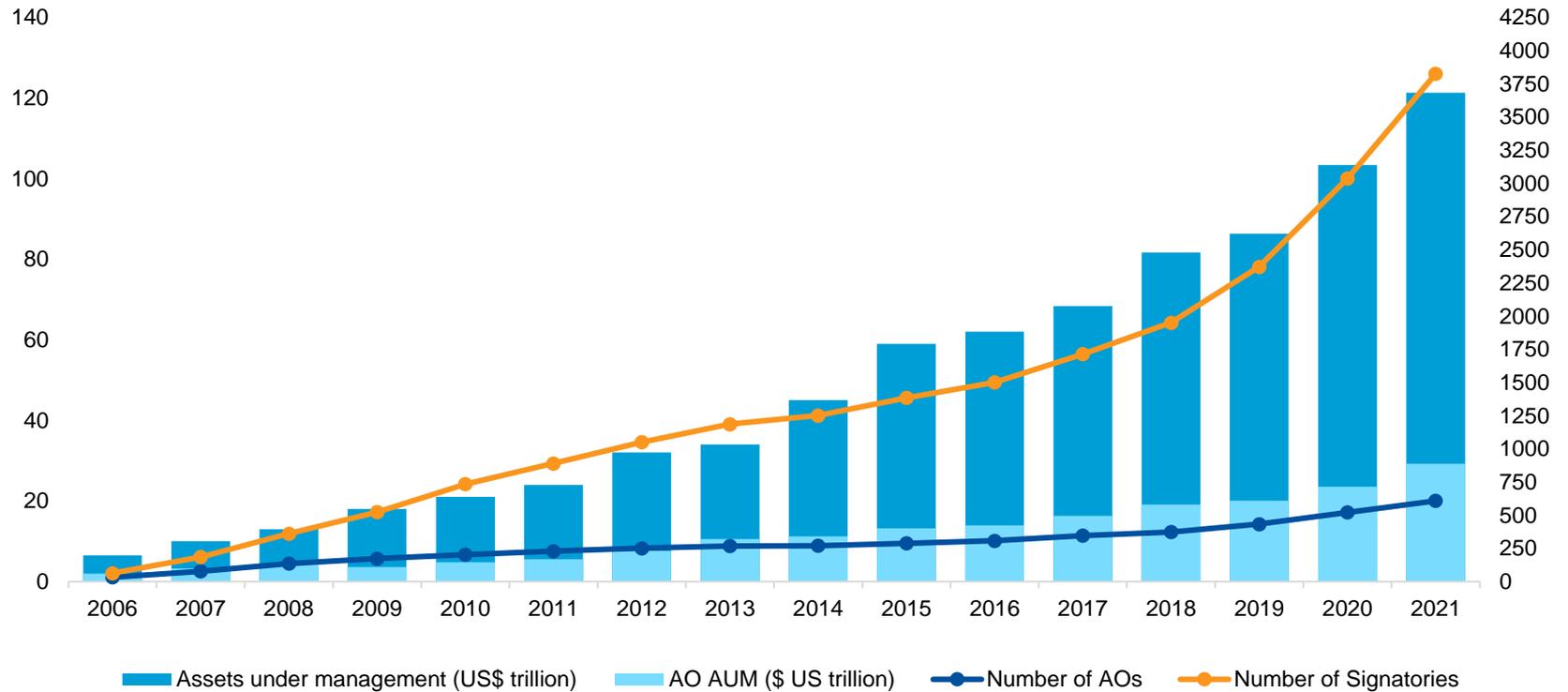
6 We will each report on our activities and progress towards implementing the Principles.



PRI's growing signatory base

Assets under management (US\$ trillion)

N° Signatories



*Total AUM include reported AUM and AUM of new signatories provided in sign-up sheet that signed up by end of March of that year.

PRI's approach to stewardship

How the PRI defines stewardship

“The use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients’ and beneficiaries’ interests depend.”



A range of stewardship tools available to investors

Stewardship is broader than just engagement and voting with issuers

The use of investor influence over current or potential investees, including:

- Engagement with current or potential investees across *all* asset classes
- Voting at shareholder meetings
- Filing of shareholder resolutions
- Direct roles on investee boards and board committees
- Litigation (where necessary)

The use of investor influence with other non-issuer stakeholders, including:

- Engagement with standard setters and other stakeholders
- Contributions to public goods (such as research)
- Public discourse
- Negotiation and monitoring of service providers

How the PRI works to support signatories' stewardship efforts



Provide guidance and support on leading stewardship practice



Facilitate collaborative engagements



Convene investors through the PRI's Collaboration Platform



Address system barriers to effective stewardship

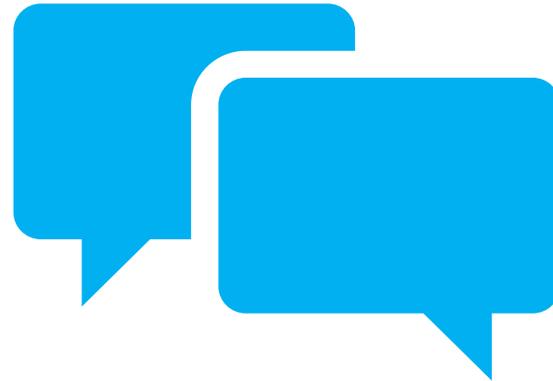


Support investors during AGM season

Investor engagement

What is engagement?

Dialogue between an investor (or an engagement service provider) and decision maker (such as companies), to improve ESG practices, sustainability outcomes or public disclosure.



Connecting engagement, voting and investment decisions

Stewardship and ESG as complementary strategies

Considering ESG issues when building a portfolio (known as: ESG incorporation)			Improving ESG practices, outcomes and disclosure (known as: active ownership or stewardship)	
Integration	Screening	Thematic	Engagement	Voting

The value of engagement



Financial returns



Regulation



Fiduciary duty



Universal ownership



Sustainability outcomes

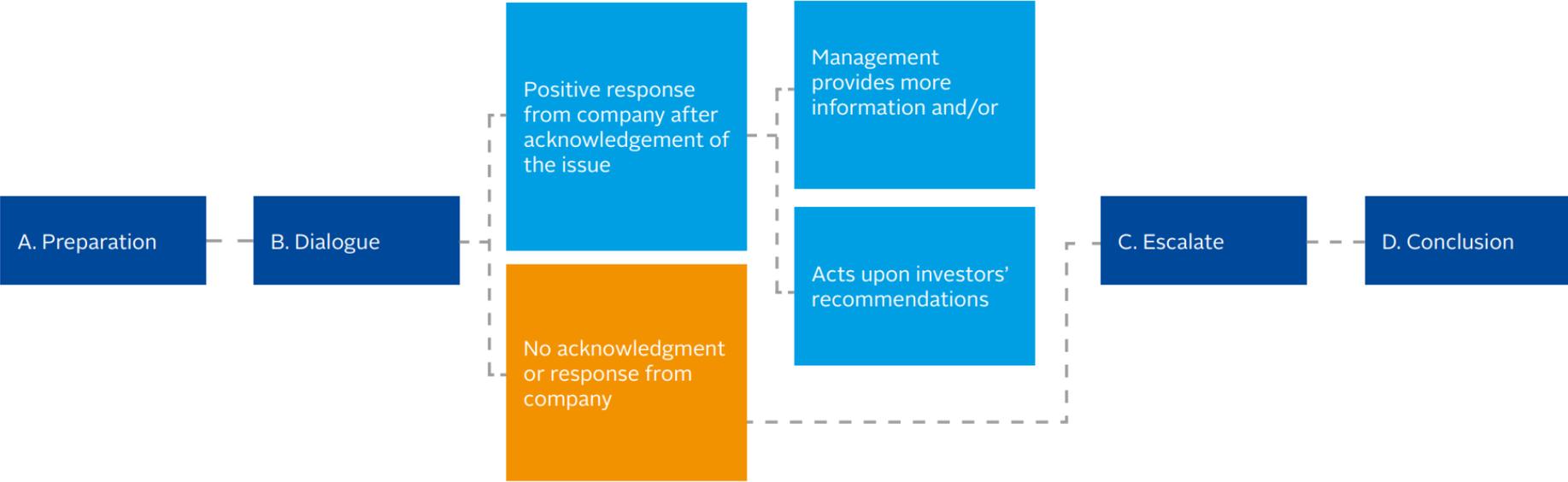
Developing an engagement strategy

Components within an engagement strategy to consider

- ESG issues
- Due diligence and monitoring process
- Prioritisation of engagements
- Methods of engagement
- Insider information
- Escalation strategies
- Transparency



Conducting engagement



Engagement across different asset classes and strategies



Collaborative engagements

The added value of collaborative engagement

Pooled
knowledge
and skills

Efficiency

Enhanced
power and
legitimacy

Clear asks
and
expectations

Sharing
costs

Addressing
collective
action

Collaborative stewardship initiative opportunities

Future and ongoing collaborative stewardship initiatives coordinated by the PRI



Social issues & human rights



Deforestation & nature



Climate Action 100+

For more information, visit unpri.org/investment-tools/stewardship/collaborative-engagements

PRI Collaboration Platform

A unique forum that allows PRI signatories to collaborate, pool resources, share information and enhance their influence on ESG issues

Discover

Collaborations Companies Members



ENGAGEMENT
Endorse Leading Human Rights Policies at Hannaford (Ahold Delhaize)

Investors urge Hannaford Supermarkets (subsidiary of Ahold Delhaize) to join the Milk with Dignity (MD) Program, a leading human rights protection program in the dairy industry. MD leverages the Worker-Driven Social Responsibility model to...

Social Open To Join

All collaborations

830 results Show advanced filters

Search collaborations Search

View: All Sort by: Deadline

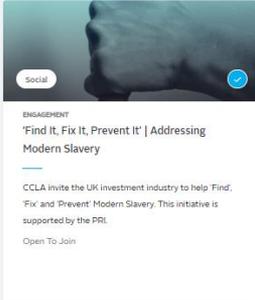


Public Policy

CONSULTATION
Joint Standing Committee on Trade and Investment Growth Inquiry

The Australian Joint Standing Committee on Trade and Investment Growth is undertaking an inquiry into the climate change position of financial firms and its impact on Australian export sectors as Australian banks, insurers and pensions funds have...

Ongoing



Social

ENGAGEMENT
'Find It, Fix It, Prevent It' | Addressing Modern Slavery

CCLA invite the UK investment industry to help 'Find, Fix and Prevent' Modern Slavery. This initiative is supported by the PRI.

Open To Join



Environment

INFORMATION SHARING
2 degrees of separation | Access the investor-only company fact sheets

Investment manager and asset owner signatories of the PRI can access detailed company profiles for the 69 oil and gas companies covered in this research. These profiles include company specific capex curves, details on future capex and production...

Draft

for collaborations



Demo Collaboration
4 members

Home Files Calendar Subspaces Tasks Members Manage members Engagement focus

Collaboration details

- Type: Engagement
- Status: Open To Join
- ESG theme: Social
- Created on: 18 February 2020
- Contact: Chloe Horne
- Geography: Global
- Attachments: document.docx (Download)
- Terms of reference: Document.docx (Download)

Post Poll

What's on your mind?

Chloe Horne from PRI Executive
9 months ago

Hello

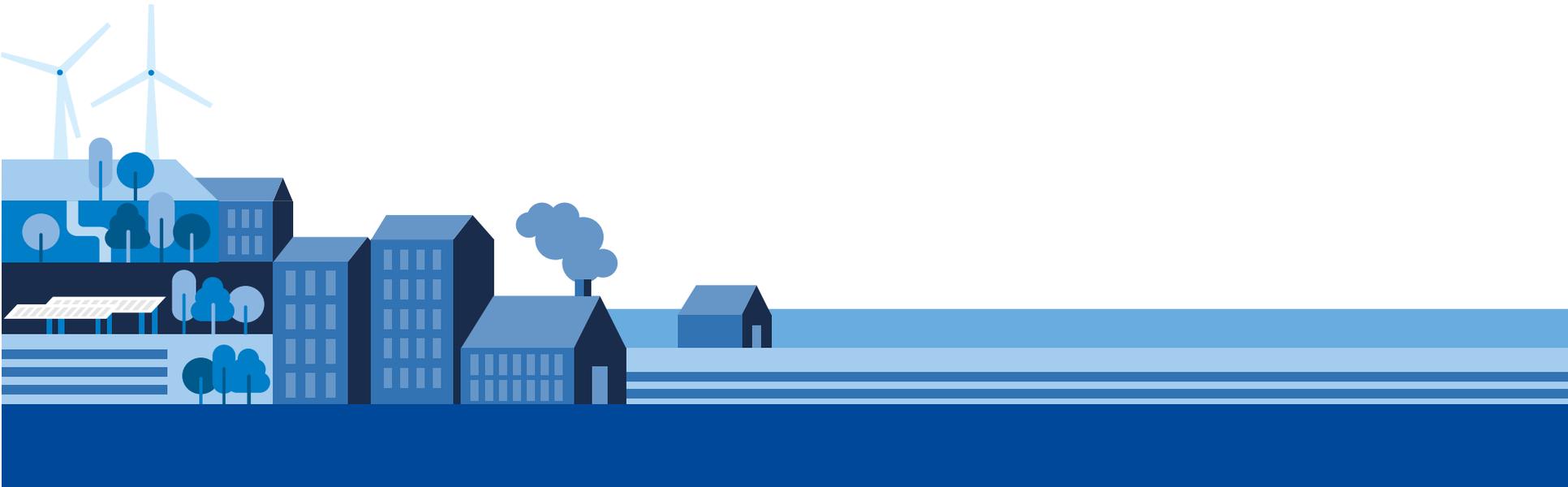
Write a comment...

The evolution of stewardship

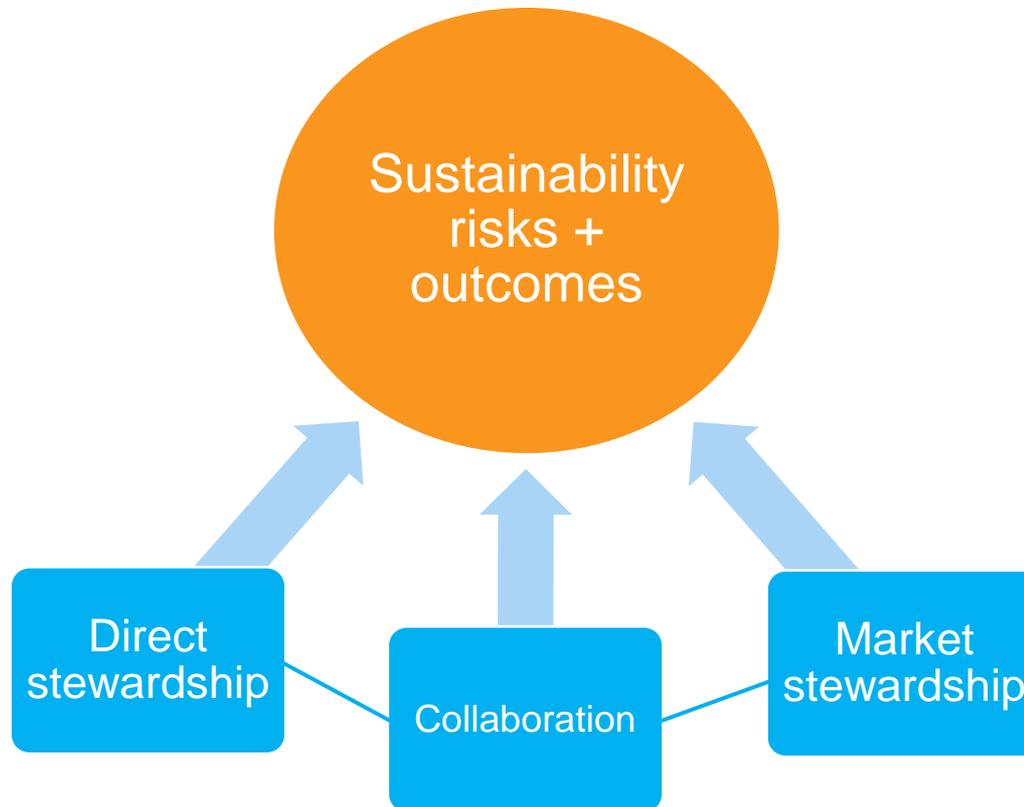
Active Ownership 2.0

Active Ownership 2.0

A framework for the more ambitious stewardship needed to deliver against beneficiaries' interests and improve the sustainability and resilience of the financial system.



Components of Active Ownership 2.0



Components of Active Ownership 2.0

Examples of each component within Active Ownership 2.0

Direct stewardship

- Engagement
- Voting
- Escalation

Collaboration

- Collaborative engagement
- Joint research

Market stewardship

- Policy engagement
- Engagement with standard setters / associations

The evolution



Thank you

Find out more...

Resources:

- [An introduction to stewardship](#)
- [Active Ownership 2.0](#)
- [PRI-led collaborative engagements](#)
- [A practical guide to active ownership in listed equity](#)
- [ESG engagement for fixed income investors](#)
- [Getting started with collaborative engagement](#)
- [ESG engagement for sovereign debt investors](#)
- [PRI Collaboration Platform](#)

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Thank you.

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