

FOR INFORMATION

Finance Report

The Chair of the Finance and Investment Committee (FIC) will present the finance report at the meeting. The report will deal with the audited financial statements for 2007, the appointment of the external auditor for 2008-09, the current investment status and a review of the current ethical investment policy.

Annex A
Annex B

Watson Wyatt Investment Activity Review (13 pages)
United Nations Principles for Responsible Investment (13 pages)

Watson Wyatt Investment Activity Review



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Section 1: Purpose of this report

Purpose of this report

The purpose of this report is to review the investment activities and performance of GCDT assets for 2007. It provides a short assessment (but not an audit) of the Board's decisions and its implementation.

The review is followed by a number of key recommendations which should help to further improve the investment governance of the fund.

As the funds have been provided by the donors for specific purposes (e.g. biodiversity projects) the trust has to ensure these assets are managed in a prudent way until they will be used for concrete projects.

The basis of this report is periodic communication between us and the Secretary General, our attendance at the April 07 Board Meeting in Rome and the following documents:

GCDT

- Executive Board Meetings report summaries and minutes, 3-4 April 2007 and 2-4 October
- Finance and Investment Committee Minutes, 27 July, 7 Sept & 1st Oct 2007
- "Investment Objectives and Policies"
- Rules of Procedure of the Executive Board of the Global Crop Diversity Trust
- Rules of Procedure and Financial Regulations
- Independent Financial Advisor: "Terms of Reference"
- General information on the website croptrust.org

HSBC

- Quarterly Investment Reports for the Year 2007
- Monthly Valuation and Trade Reports for the Year 2007
- Quarterly UK and European Company Engagement Reports for the Year 2007
- Discretionary Fund Management Agreement with HSBC



Watson Wyatt / onValues

- Review and Recommendations concerning the investment strategy and the “Investment Objectives and Policies”, Watson Wyatt, 9 March 2007
- Recommendations Concerning the definition and Implementation of the Trust’s Policy with regard to Ethical and ESG Issues, onValues, 9 March 2007
- Presentation: Review of Investment Strategy and recommendations for the GCDT board, Watson Wyatt/onValues, 4 April 2007
- Exchange Traded Funds (ETF) Comparison, 7 June 2007
- Alternative asset mixes return/risk calculations, 13 July 2007
- Watson Wyatt Asset Assumptions as of 1 January 2008
- Minutes of the Conf Call between Cary Fowler, Anne Clyne (GCDT), Ivo Knoepfel (onValues) and Beat Zaugg (Watson Wyatt) on 23 January 2008

Governance

GCDT has set up a new Finance and Investment Committee (FIC) which deals with finance and investment matters. The FIC was set up in April 2007. FIC organized three teleconferences in July, September and October 2007. We consider the structure with an executive board and a finance committee represents a good level of governance. .

Last year two documents were established to govern the trust: "Rules of Procedure of the Executive Board of the Global Crop Diversity Trust" and "Rules of Procedure and Financial Regulations". These existing documents should be amended with Rules of Procedure of the Finance and Investment Committee. They could comprise the following sections:

- I. Introduction and Purpose
- II. Composition
- III. Member Selection Criteria and Appointment Process
- IV. Responsibilities of the Finance and Investment Committee
- V. Operating Procedures (i.e. minutes, agenda, remuneration etc.)
- VI. Reporting Procedures
- VII. Performance Standards

See also the recommendation section.

Financial Advisor Role

GCDT mandated Watson Wyatt and its sub-contractor onValues at the beginning of 2007. Our role is to give advice and guidance on investment issues such as:



- Investment Strategy
- Currency & Currency Risk
- Asset Allocation
- Identifying fund managers
- Liaising and negotiating with the fund managers
- Reviewing the performance of fund managers
- Assessing fund managers' implementation of the ethical policy; proposing improvements in the way the ethical policy is implemented

This specific report is submitted at the request of the Secretary General of GCDT. It was prepared by Watson Wyatt and amended by onValues Ltd.

Performance and Risk

Investment Strategy

The current investment strategy is presented below. The risk level of the effective asset allocation is currently below the level of the strategy due to liquidity which currently accounts for approx 14.8. mio. USD and due to relatively small deviations from the strategy by HSBC.

Asset Classes	Investment Strategy
Global Equities	42.0 %
Emerging Market Equities	10.5 %
TOTAL EQUITIES	52.5 %
US Bonds	35.0 %
Emerging Market Bonds	2.5 %
TOTAL BONDS	37.5 %
REITs	4.0 %
Hedge Funds	6.0 %
GRAND TOTAL	100 %



Review of 2007 performance

The performance achieved by HSBC (presently the sole asset manager of the GCDT) in 2007 is favourable both in absolute and relative terms. The portfolio returned 12.1% against the benchmark return of 9.8%.

These results in a gross alpha of 2.3% generated by HSBC and is above the 1.0% gross alpha goal. The manager takes active bets which we view positively in light of the active mandate given by the Trust. The attribution analysis shows that the excess return was achieved both by asset allocation and stock selection.

Performance in 2007 is higher than the Trust's long-term objective of 6.5% p.a. (gross of fees). Based on Watson Wyatt's long-term return-risk assumptions listed below, the expected portfolio return for the current GCDT investment strategy is 7.9% p.a. with a risk of 8.6% p.a.

Watson Wyatt Asset Assumptions as of January 1 2008 (USD)			
	Arithmetic mean	Standard Deviation	Geometric mean
Equity Investments			
Global (unhedged)	9.4%	16.4%	8.2%
Global (hedged)	9.2%	15.6%	8.1%
US Equity	9.1%	16.7%	7.9%
US Large Cap	9.0%	16.7%	7.8%
US Small Cap	9.7%	21.8%	7.6%
International (unhedged)	9.8%	19.2%	8.2%
International (hedged)	9.3%	16.6%	8.1%
International Developed (unhedged)	9.6%	19.3%	8.0%
International Developed (hedged)	9.0%	16.4%	7.8%
Emerging Markets	12.0%	32.1%	7.7%
Private Equity	11.3%	28.6%	7.7%
REITs	7.1%	14.0%	6.2%
Fixed Income			
US Investment Grade	5.3%	6.2%	5.1%
International Developed (unhedged)	5.1%	11.0%	5.3%
International Developed (hedged)	5.3%	6.5%	5.1%
High Yield/Emerging Market Debt	6.1%	10.1%	6.5%
Inflation-Indexed	4.6%	4.4%	4.5%
Long Government	5.2%	11.9%	4.6%
Long Credit	6.5%	12.4%	5.8%
Long Government/Credit	5.9%	11.8%	5.2%
Cash	4.4%	2.2%	4.4%
Alternatives			
Real Estate	6.5%	10.0%	6.0%
Hedge Fund-of-Funds	7.1%	7.2%	6.9%
Inflation	2.7%	1.5%	2.7%



HSBC provides comprehensive reporting with the exception of the SRI engagement report which has not been provided regularly and as of yet does not cover non-European companies held in the portfolio.



Section 2: Investment strategy implementation

Implementation

The investment strategy was implemented according to the “Investment Objectives and Policies”. Based on the HSBC quarterly reports the asset allocation always remained within the boundaries set. The portfolio is well diversified at the level of asset classes, sectors and securities. The portfolio is biased towards US investments. We assume this is intended as the portfolio’s base currency is USD.

A key decision was to invest liquidity of over 50 mio. USD in ETFs. This was executed at the beginning of January 2008. Investment in ETFs is a cost-effective temporary solution until the mandate structure has been reviewed and a second manager is installed. The search of a second manager is scheduled for the second half of 2008.

ETF Implementation and strategic representation

Approx 32 mio. USD was invested in ETFs in January 2008. The percentage allocations invested were close to those of the investment strategy. At the FIC meeting of 27 July 2007 the active decision was taken to not make any additional investment in REITs

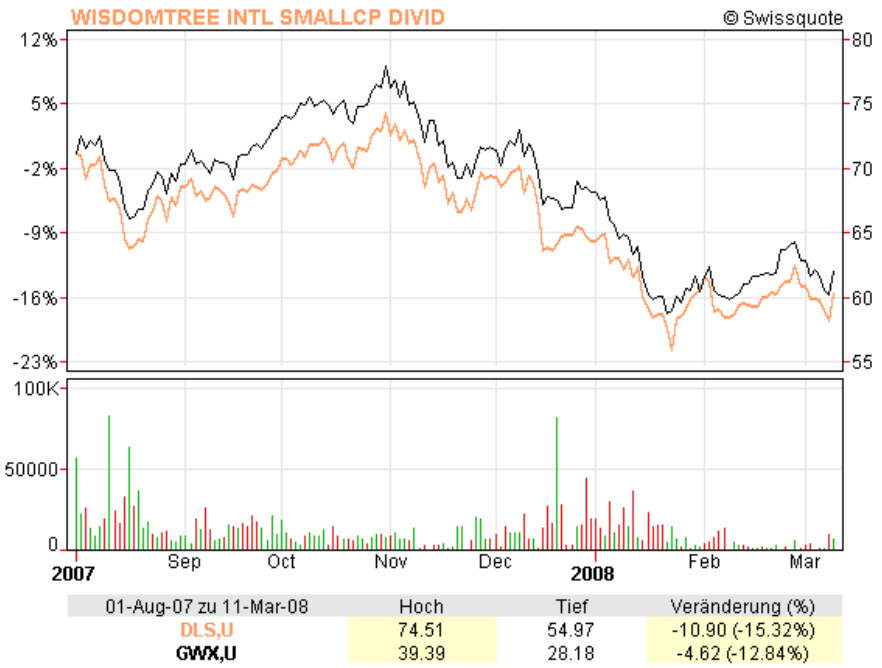
Generally, these temporary investments in ETFs for the part of assets over 50 mio. USD is a very cost-effective option. Most ETFs selected represent well-known broadly invested indices.

In the case of The Wisdom Tree International Small Cap Fund, however, a relatively less liquid and active-index based ETF was selected.

The average market capitalisation amounts to only 100 mio. USD and GCDT’s investment amounts to roughly 4% of the total capitalisation of this specific ETF. This should be considered at the time of divestment – if well managed this should not represent a problem. More importantly, the Fund is an active fund in a sense that it has a dividend bias and a rule-based approach.

This specific ETF has underperformed the passive peer S&P product by 2.5% since August 1 2007 and by 0.5% between 8 January 2008 (inception date of investment) and 12 March 2008. The time period is too short to draw any conclusions. An investment in the S&P product would have been more in line with the passive approach followed by the other ETF investments of the GCDT.





Section 3: Recommendations

Our key recommendations are the following

1) Investment strategy review including review of bands for asset classes

The financial objective of the fund is to maintain the real purchasing power of the Endowment Fund over the long-term assuming a gross spending rate of 4-4.5% annually. We suggest reviewing the current investment strategy based on the Board's consensus view of the risk tolerance of the GCDT. This is also a pending action point (Nr. 19) resulting from the Executive Board Meeting of April 2007.

Current bands for asset classes¹ allow 100% investment of assets in equities. From a risk management perspective, these bands are too broad. The review of asset class bands is also part of a pending action point (Nr. 19) of the Executive Board Meeting of April 2007.

From a governance and risk management point of view, we suggest narrowing the boundaries and, more specifically, reducing upper limits for risky assets. The boundaries should be set in such a way that they still allow the FIC to implement tactical decisions.

2) Preparation of a new manager structure

Based on the minutes of the FIC of 27 July a new specialist structure should be considered when funds approach 100 mio USD. This will be the case, shortly. A new threshold of 120 mio. USD was mentioned by GCDT in an e-mail communication with Watson Wyatt (12 March 2008). However this has not yet been formally decided by the FIC.

Regardless of the decision, we recommend starting immediately with the preparation of a new structure as the process to select new managers will require several months based on our experience and the governance structure of GCDT.

We suggest considering a two step approach:

- Decision on the structure (balanced versus specialist structure)
- Decision on the managers and investment products

¹ Global Crop Diversity Trust, Investment Objectives and Policies, Appendix 1



3) Evaluate different options for tactical asset allocation

The GCDT has a policy to cap investments with any fund manager at USD 50 mio. Additional liquidity was invested in ETFs and cash amounted to approx. 14.8 mio. mid March. All assets taken together the fund is compliant with the investment objectives and policies. Taking into account current cash allocation the fund deviates from the investment strategy but this was decided intentionally.

We suggest that the FIC discuss different tactical implementation alternatives. More specifically, responsibility for tactical decisions should be shared between several individuals, (ideally the FIC with the support of external advisers) and not rely on single individuals.

4) Improve implementation of the Ethical Policy

Currently, the GCDT asks its fund managers (only HSBC at the time) to take into account internationally recognized environmental, social and ethical principles and engage with investee companies that do not fully comply with these principles.

The impression is that so far HSBC has not done that systematically. The GCDT has received irregular UK and European Company Engagement reports from HSBC, but the impression is that these reports do not specifically cover the GCDT portfolio and do not include non-UK/European companies.

We recommend that a regular quarterly Engagement report specific to the Trust's mandate is required from HSBC. We recommend reviewing HSBC's implementation of the Ethical Policy at the end of 2008.

In order to manage reputation risks in light of growing pressure on public investors (e.g. the launch of the UN Principles for Responsible Investment) we have proposed to consider introducing a negative screening process to avoid investing in companies that are in severe breach of internationally recognized principles at the April 2007 Executive Board meeting. We recommend that the FIC discusses this point and develops a proposal for the Executive Board.

5) Formalize investment controlling procedures

Watson Wyatt was invited to write this annual review report. Ideally, we would suggest commenting investment activities on a quarterly basis. We also suggest considering attendance at FIC telephone conferences.



6) Governance

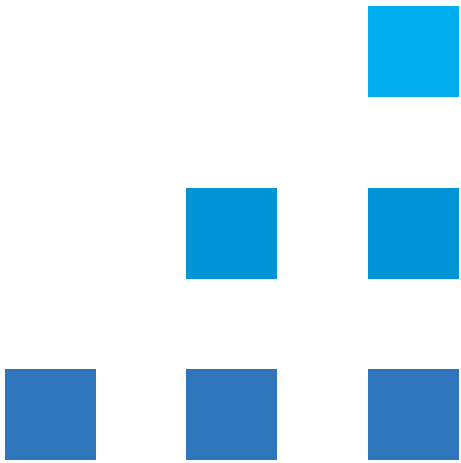
We suggest that specific “Rules of Procedure of the Finance and Investment Committee” are established. They define the responsibilities of both the Executive Board and the Finance and Investment Committee in relation with investment matters.

They could be either integrated in the existing document “Rules of Procedure and Financial Regulations” or treated as a separate document.

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United Nations Principles for Responsible Investment



Principles for Responsible Investment


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



UNEP Finance Initiative
Innovative financing for sustainability



**THE GLOBAL
COMPACT**



PREVI is committed to its members and beneficiaries on a long term basis. Therefore, making sustainable investments that support the environment we live in, is more than an obligation, it is an act of wisdom.

Sergio Rosa

President, PREVI

We are proud to endorse the Principles, which recognize that social and environmental issues can be material to the financial outlook of a company and therefore to the value of our shares in that company.

Denise Nappier

Treasurer of the State of Connecticut

We have great buy-in from the investment community, and we now have in place the support structures to assist in implementation. Year two is about action.

Donald MacDonald

Chair of the PRI and a Trustee of the British Telecommunications Pension Scheme

Message from the UN Secretary-General

Until recently, the role of financial markets in sustainable development was little understood and widely discounted. The Principles for Responsible Investment have helped to change this impression.

Launched in April 2006, the Principles are in essence a set of global best-practices for responsible investment. Rising numbers of institutional investors – from all regions of the world, representing more than eight trillion dollars in the first year alone – are embracing them, marking a major advance in mainstream financial markets. The Principles have quickly become the global benchmark for responsible investing.



By incorporating environmental, social and governance criteria into their investment decision-making and ownership practices, the signatories to the Principles are directly influencing companies to improve performance in these areas. This, in turn, is contributing to our efforts to promote good corporate citizenship and to build a more stable, sustainable and inclusive global economy.

The Principles complement the UN Global Compact, which asks companies to embed in their strategies and operations a set of universal principles in the areas of human rights, labour standards, the environment and anti-corruption. The Principles are also a natural extension of the work of the UN Environment Programme Finance Initiative, which has helped sensitize capital markets to the importance of environmental and social issues.

The combined support of the UN Global Compact, the UNEP Finance Initiative and committed leaders from the investment community has helped to make the Principles a unique initiative that holds great promise for financial markets and for achieving a wide range of United Nations objectives. I applaud the leadership of the institutions that have committed themselves to this undertaking, and urge other investors around the world to join this historic effort.

Ban Ki-moon

UN Secretary-General





There is a growing view among institutional investors

that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios. The Principles for Responsible Investment provide a framework to assist investors in considering these issues.

The Principles are voluntary and aspirational. They are not prescriptive, but instead provide a menu of possible actions for incorporating ESG issues into mainstream investment decision making and ownership practices.

Signing represents a very real commitment to the Principles, demonstrating support from the top-level leadership of the whole investment business. And applying the Principles should not only lead to better long-term financial returns but also a closer alignment between the objectives of institutional investors and those of society at large.

Background

In early 2005 the then UN Secretary-General, Kofi Annan, invited a group of the world's largest institutional investors to join a process to develop the Principles for Responsible Investment (PRI). Individuals representing 20 institutional investors from 12 countries agreed to participate in the Investor Group. They were supported by a 70-person multi-stakeholder group of experts from the investment industry, intergovernmental and governmental organizations, civil society and academia. The process was coordinated by the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact.

The Principles were launched in April 2006 at the New York Stock Exchange by the UN Secretary-General.

Benefits of signing

There are many benefits to signing the PRI. These include:

- a common framework for integrating ESG issues
- access to examples of good practice from a global network of peers (including many of the world's largest institutional investors)
- opportunities to collaborate and network with other signatories, reducing research and implementation costs
- reputational benefits from publicly demonstrating top-level commitment to integrating ESG issues
- participation in the annual PRI signatory event
- access to a standard reporting and assessment tool

Implementation support

A professional secretariat has been set up to help signatories implement the Principles. There are four key support activities.

Providing guidance

PRI in Practice Implementation Blog

An online knowledge base with implementation resources such as interviews with key industry practitioners, book reviews and issues briefs.

Building networks

PRI in Person Annual Event

This event brings together signatories once a year to brainstorm implementation strategies, network and find partners for collaboration.

Enhancing collaboration

PRI Engagement Clearinghouse

A web-based intranet providing signatories with a mechanism to share information and proposals on shareholder and other engagement activities they are conducting, or would like to conduct with other signatories.

Evaluating progress

Reporting and Assessment Tool

An annual survey of signatory implementation activities, analysing and identifying best practice, areas for improvement and barriers to implementation. As well as providing signatories with an overview of what leaders in the field are doing, this tool helps signatories assess and report on their own progress.





The Principles for Responsible Investment

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

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

Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

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

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

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

Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

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

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

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

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

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

Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain'¹ approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders

1. The Comply or Explain approach requires signatories to report on how they implement the Principles, or provide an explanation where they do not comply with them.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles.





Frequently asked questions

What is the overall goal of the Principles for Responsible Investment (PRI) Initiative?

The PRI aim to help investors integrate consideration of environmental, social and governance (ESG) issues into investment decision-making and ownership practices, and thereby improve long-term returns to beneficiaries.

How will implementing the Principles influence investment returns?

Implementing the Principles will lead to a more complete understanding of a range of material issues, and this should ultimately result in increased returns and lower risk. There is increasing evidence that ESG issues can be material to performance of portfolios, particularly over the long term.

PRI signatories are also part of a network, with opportunities to pool resources and influence, lowering the costs and increasing the effectiveness of research and active ownership practices. The Initiative also supports investors in working together to address systemic problems that, if remedied, may then lead to more stable, accountable and profitable market conditions overall.

What are the implications for fiduciary duty?

The Principles are based on the premise that ESG issues can affect investment performance and that the appropriate consideration of these issues is part of delivering superior risk-adjusted returns and is therefore firmly within the bounds of investors' fiduciary duties. The Principles clearly state they are to be applied only in ways that are consistent with those duties.

How do the Principles relate to Socially Responsible Investment (SRI)?

The Principles are designed to be compatible with the investment styles of large, and often diversified, institutional investors that operate within a traditional fiduciary framework. The Principles apply across the whole investment business and are not designed to be relevant only to SRI products. However, the Principles do point to a number of approaches – such as active ownership and the integration of ESG issues into investment analysis – that SRI and many corporate governance fund managers also practise.

Do the Principles call for exclusion or screening out of particular companies or sectors?

No. The Principles suggest a policy of engagement with companies rather than screening or avoiding stocks based on ESG criteria (although this may be an appropriate approach for some investors). The Principles are generally designed for large investors that are highly diversified and have large stakes in companies, often making divestment or avoidance impractical.

What does this mean for the investment supply chain?

For institutional investors to make these Principles work, they will need to encourage a change in the way that their agents incorporate ESG issues into their processes. Principles 1 and 4 have some suggestions on how this may be done. It is also likely that the supply chain – fund managers, analysts and consultants – will respond to the Principles by offering products and services to help in implementation.

How will the PRI help investors in their day-to-day work?

The PRI provides investors with a high-level framework for integrating ESG issues into investment decisions. And as signatories develop policies and procedures for integration, the PRI secretariat will be on hand to help investors implement them. Signatories will also have access to collaborative opportunities, guidance on addressing ESG issues and networks that would be otherwise unavailable. The PRI will also stimulate better research on the impacts of these issues on investments, which will lead to a broader range of products and services for investors.

Who can sign?

There are three main categories of signatory. (Commitment is expected from the top-level leadership of the organisation across the whole investment business.)

Asset owner: Organizations that represent end-asset owners who hold long-term retirement savings, insurance and other assets. Examples include pension funds, government reserve funds, foundations, endowments, insurance and reinsurance companies and depository organizations. This is the principal category of signatory.

Investment manager: Investment management companies that serve an institutional and/or retail market and manage assets as a third-party provider.

Professional service partner: Organizations that offer products or services to asset owners and/or investment managers. Although such professional service partners are not stewards or managers of assets in their own right, they do have considerable influence over how their clients address ESG issues. For this group, becoming a signatory is an acknowledgement of the relevance of ESG issues to investment management. It also represents a commitment to providing and promoting services that support the implementation of the Principles by clients, and to improving such services over time.

Signatories self-select the category they fall into, but the PRI Board reserves the right to determine which category is appropriate. While the categories are not designed to be overly prescriptive, the general rule is that an investor would be considered an asset owner rather than an investment manager if it manages more of its own funds than of third-party clients.

Can we sign up on behalf of our SRI fund or ESG practice only?

No. The objective is for the Principles to be integrated within the mainstream investment and ownership practices across the investment functions of an entire organization. They are not just applicable within specific asset classes or product lines (this applies for all categories of signatory). The Principles have been designed as a commitment from the top-level leadership of the whole investment business. It is recognized that this may take some time, but on balance, the drafting signatories believe that a whole-of-organization commitment is important to the mainstreaming process.

If we fit into multiple categories, can these business units sign up independently?

We ask that the highest level of the company, including on behalf of its subsidiaries, sign up on behalf of the entire organization. The signatory category would depend on which of these businesses is the largest. However, in cases where different businesses are run independently, it is possible to sign up across different categories of businesses as an asset owner, investment manager or professional service partner.

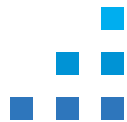
Does signing involve a financial commitment?

There is no compulsory fee associated with signing the Principles. However, there is a suggested, voluntary fee of \$10,000 to help the work of the secretariat in supporting signatories and promoting the Principles.

What resources will be required to implement the Principles?

Investors will choose to implement the Principles in different ways, and those choices will affect resource requirements. At a minimum, institutions should allocate sufficient staff time to properly understand the types of activities that are suggested in the Principles, investigate how other investors have used them and begin the implementation process.





What happens if we sign but find it difficult to comply?

There are no legal or regulatory sanctions associated with the Principles. They are designed to be voluntary and aspirational. There may be reputational risks associated with signing up and then failing to take any action at all, but the commitments are, for most signatories, a work in progress and a direction to head in rather than a prescriptive checklist with which to comply. The initial focus is on innovation, collaboration and learning by doing. The annual PRI Reporting and Assessment survey will help you evaluate your progress. The minimum requirement to remain a signatory is participation in that survey and through that tool, demonstrating continual improvement.

Who governs the Principles for Responsible Investment project?

The PRI is governed by a 13-person board made up of 11 elected asset owner signatory representatives and two UN representatives from the UN Environment Programme and the UN Global Compact. Further details can be found in the PRI Constitution, available from the secretariat.

What difference will the Principles make in the world?

While these Principles are designed to enhance the delivery of long-term returns to beneficiaries, their implementation will also focus greater attention on ESG issues throughout the investment and corporate sectors. New research and better metrics will be developed to support investors as they become increasingly active owners. Encouraged to adopt a more systematic approach to managing ESG issues, corporate management will take more interest in these extra-financial drivers of risk and reward, which will come to define corporate profitability in the medium and longer term. The PRI will also stimulate increased active ownership on ESG issues by investors. In this way, the Principles for Responsible Investment will contribute to improved corporate performance on environmental, social and governance issues.

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UNEP Finance Initiative (UNEP FI)

UNEP FI is a unique global partnership between UNEP and the private financial sector that works closely with approximately 170 financial institutions to develop and promote linkages between sustainability and financial performance. Through regional activities, a comprehensive work programme, training and research, UNEP FI carries out its mission to identify, promote and realize the adoption of best environmental and sustainability practice at all levels of financial institution operations.

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Philip Walker African Task Force and Asset Management Working Group Coordinator
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UN Global Compact

The United Nations Global Compact is the world's largest corporate citizenship initiative, encompassing nearly 3,000 companies and stakeholders from 90 countries. Participating companies commit to advancing ten principles in the areas of human rights, labour conditions, environmental stewardship and anti-corruption. The objective of the Global Compact is to help achieve a more stable and inclusive global economy by rooting markets and societies in universal principles.

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Support from the Foundation for the Global Compact

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