

PRI BOARD MEETING REPORT

The PRI Board had a meeting on 1 & 2 December 2016, in London.

ATTENDANCE

The meeting was attended by the following PRI Board members and PRI Executive staff.

Board members present:	PRI Executive in attendance:
Geeta Aiyer (Boston Common Asset Management)	Mark Blair
Marcel Barros (PREVI)	Nathan Fabian
Sandra Carlisle (Newton)	Peter de Graaf
Mark Chaloner (formerly West Midlands Pension Fund)	Lian Hillier
Angele Emslie (HESTA)	Mandy Kirby
Priya Mathur (CalPERS)	Fiona Reynolds
Renosi Mokate (GEPF)*	Lorenzo Saa
Niels Erik Petersen (Unipension FAIF A/S)	Christopher Sperling
Martin Skancke (Chair)	
Eric Usher (UNEP FI)*	
Xander den Uyl (ABP)	
Peter Webster (Vigeo EIRIS)	
Apologies:	
Gavin Power (UNGC)	
*Attended the 1 December session only.	

WELCOME FROM THE CHAIR

The Chair welcomed the new members of the Executive team, Peter de Graaf, COO and Lian Hillier, HR Director.

The Chair noted Colin Melvin's resignation from the PRI Board.

The focus of the meeting is to discuss the PRI's 10-year vision that will inform the Responsible Investment Blueprint, for publication in April 2017.

CORRESPONDENCE

Since the September 2016 Board meeting the Executive has been in contact with the Committee for Workers Capital (CWC) to follow up on their correspondence to the Board. A meeting between the PRI Board and the CWC leadership team has been provisionally arranged for September 2017 and in the interim the Executive will consult with CWC on investor-relevant social issues and how to strengthen the robustness of the PRI's work on these issues.

COMMITTEE REPORTS

The Board agreed to revise the Signatory and Stakeholder Engagement committee's terms of reference to include oversight of the signatory accountability measures. The new terms will be for agreement at the March 2017 Board meeting.

The Board considered the proposal to establish a Board policy committee to oversee policy initiatives, for example elements of the Sustainable Financial System (SFS) and Sustainable Development Goals programmes. The role of the committee is not to make PRI policies, but focus on financial system issues. The committee will facilitate the work of the Board and the terms will be for agreement at the March 2017 Board meeting.

SKILLS, DIVERSITY AND ELECTIONS COMMITTEE REPORT

The Board approved the election results:

- Eva Halvarsson, Chief Executive Officer, Second Swedish National Pension Fund (AP2) – Asset owner representative
- Hiromichi Mizuno, Executive Managing Director and Chief Investment Officer, Government Pension Investment Fund (Japan) – Asset owner representative
- Peter Webster, Director of International Affairs, Vigeo Eiris – Service provider representative

The new three year terms will commence on 1 January 2017.

The Board discussed the results of the recent Board self-assessment. The results were generally positive. The Board explored multiple issues from the self-assessment: the improved UN partnership at Board level; the effective decision-making of Board committees; how the Board can work better together; how the Board can utilise the geographic diversity and skills of the directors in their discussions.

There was agreement on areas to improve the Board's effectiveness over the next year: encourage diversity of viewpoints; focus on the PRI's mission and Principles; increase Board outreach; improve participation at the Board *and* committees; more effective committees; and Board papers that facilitate Board discussion and decision.

The Board agreed to five focus areas for 2017:

1. PRI's vision / mission;
2. Asset owner recruitment;
3. PRI's geographic reach;
4. Engagement of C-suite of current and potential signatories;
5. Executive oversight and support.

MANAGEMENT REPORT

Fiona Reynolds, Managing Director, presented the management report. The report included updates on: organisational measures, 2017/18 business planning, recent and forthcoming publications, all work streams, human resources, new and delisted signatories, partnerships and fundraising and a financial report at 31 October 2016.

The main discussion points were:

- **Asset owner growth.** The results are mixed. There has been a good growth in the numbers for the first three quarters. However, target asset owners require more effort. The recruitment procedures are in place and it will take time to see results.
- **International Forum of Sovereign Wealth Funds (IFSWF).** The Chair participated in the November IFSWF meeting, chaired by New Zealand Superfund. The Board discussed how the PRI can collaborate with the IFSWF on climate issues, the Sustainable Development Goals and the design of long-term mandates.

The Board acknowledged the significant amount of work undertaken by the Asset Owner advisory committee and the valuable support of the Executive. (In 2016 the PRI has released two publications focused on asset owners: [Crafting an Investment Strategy](#); and [Investment Policy: Process & Practice](#).)

10-YEAR VISION WORKSHOP

The Board considered 7 key questions:

1. What is the 10-year vision for responsible investment?
2. What is the PRI's role in 10 years?
3. What is the PRI's value to signatories?
4. What is the PRI's impact in 10-years?
5. How could the PRI be organised to deliver?
6. What activities will be undertaken that are not already being done?
7. Given where the Board wants the PRI to be in 10 years what does the Executive need to do now?

The Board's conclusions will inform the Responsible Investment Blueprint, for Board approval at the March 2017 Board meeting and for publication in April 2017.

PRI CLIMATE PROGRAMME

Nathan Fabian, Director of Policy and Research, presented the PRI's proposed five focus areas on climate change:

1. FSB Task Force on Climate-related Financial Disclosures aligned work
2. G20 Green Finance Study Group
3. Green investment in China
4. Collaborative projects with partners (for example Aiming for A coalition, IIGCC, Ceres-INCR, CDP, UNEP FI, UNGC and the OECD).
5. PRI coordinated collaborative investor engagement projects

The Board discussed the PRI's role in driving the FSB taskforce's recommendations on climate-related financial disclosures by corporates and investors; driving better integration by investors; and capturing signatory action through the reporting framework.

The Board approved the PRI's focus activities and requested a further discussion at its next meeting on how to work most effectively with signatories to implement the FSB task force recommendations.

PRI IN PERSON

Board members provided suggestions for both the content and format of PRI in Person 2017, Berlin, focusing on what would provide the most value for signatories.

The Board also considered PRI in Person 2019, scheduled for Asia, its specific location, how the conference can be aligned with the PRI strategy, and whether the PRI could partner with other organisations.

PRI GRANT POLICY

Peter Webster, Finance, Audit and Risk committee member, presented the proposed PRI Grant policy.

Grants are defined as cash or in-kind support given in relation to a specific project or projects that are consistent with the objectives of the PRI Association. Grants exclude sponsorship and unrestricted funding, for example sponsorship of PRI in Person. The policy details:

- that potential grants must be consistent with the objectives of the PRI and its current strategy;
- considerations for the Executive when developing a project proposal;
- authority thresholds for approving grants;
- reporting and transparency expectations.

The Board approved the [PRI Grant policy](#).

SIGNATORY CATEGORISATION GUIDELINES

Priya Mathur, chair of the Signatory and Stakeholder Engagement committee, led the discussion.

The committee recommended guidelines with a principles based approach for categorisation. In particular, an asset owner signatory organisation would have *all* of the following:

- Investment discretion over all or most of its assets;
- Long term investment capacities and motivations; and
- Stable non-commercial governance arrangements.

The Board agreed that there was no perfect solution or static definitions that could easily capture asset owners, investment managers and service providers that allow for the status quo (and further financial innovations) across different markets. There was a consensus that a principles based categorisation was the best approach at this time. The committee and Executive will continue to explore and log precedents and provide further examples to illustrate the guidelines. There will be an annual review of the guidelines.

The Board approved the PRI [Signatory Categorisation Guidelines](#).

ANY OTHER BUSINESS

The Chair thanked departing directors, Mark Chaloner, Colin Melvin and Niels Erik Petersen, for their valuable time and input into the PRI Board.

FUTURE MEETINGS

The next Board meeting will take place on 2 & 3 March 2017 in London. In addition to regular agenda items, planned discussion points include:

- Policy committee terms of reference
- Signatory and Stakeholder Engagement committee terms of reference
- Responsible Investment Blueprint draft
- 2017/18 work plan and budget
- Human resources strategy
- PRI's climate programme, including Taskforce on Climate-Related Financial Disclosures aligned work
- PRI Francophone strategy

Signatories wishing to provide input on these agenda items or raise additional issues for consideration should email governance@unpri.org by 1 February 2017.