

PRI BOARD MEETING REPORTS

The PRI Board had a conference call on 3 September and met in-person in London on 7 September, in advance of PRI's annual conference, PRI in Person on 8-10 September 2015.

3 SEPTEMBER BOARD CALL

ATTENDANCE

The meeting was attended by the following representatives from the PRI Board, their designates and staff from the PRI Executive.

Board members present:	Designates in attendance:	PRI Executive in attendance:
Masaru Arai (ex-Daiwa Asset Management)	Annie Degen (UNEP FI)	Mark Blair
David Atkin (Cbus)	Stephanie Leaist (CPPIB)	Nathan Fabian
Marcel Barros (PREVI)		Fiona Reynolds
Mark Chaloner (West Midlands Pension Fund)		Lorenzo Saa
Priya Mathur (CalPERS)		Christopher Sperling
Renosi Mokate (GEPF)		
Niels Erik Petersen (Unipension)		
Gavin Power (UNGC)		
Daniel Simard (Batirente)		
Martin Skancke (Chair)		
Eric Usher (UNEP FI)		
Peter Webster (EIRIS)		
Apologies:		
Geeta Aiyer (Boston Common Asset Management)		
Colin Melvin (Hermes EOS)		

SIGNATORY FEES

The PRI's Draft Strategic Plan 2015-18 and Long-Term Funding Model, published in October 2014, set out the final fee for 2015/16 and proposed above-inflation fee increases for the following two years. The PRI advised signatories that the final fees would be announced by the Board in advance of each financial year.

Due to control of costs, high signatory retention, a better than expected new signatory sign-up rate and the rising assets under management of signatories the Executive considers that it has the capacity and resources to deliver the second year of its 2015-18 strategy by increasing fees in line with inflation only.

The Board agreed to the recommendation to increase signatory fees by inflation only for the 2016/17 financial year.

PRI IN ASIA

It is a strategic priority for the PRI to look to Asia to extend its reach into new markets where responsible investment remains nascent, with the longer term aim of establishing an Asia-Pacific office. This will ensure that the PRI is truly global, with a European, a North American and an Asia-Pacific hub. The Board had an initial discussion on the PRI's Asia strategy and how to partner with aligned organisations in the region.

The next in-person meeting of the PRI Board will be in Tokyo (23 -24 February 2016) and the Board will use this opportunity to further discuss the PRI's Asia strategy, plus host local and regional outreach events.

US CORPORATE STRUCTURE

The PRI has recently hired Carol Jeppesen, US Senior Network Manager to work with existing networks staff to drive more traction and impact in the US market. The PRI Board considered how to consolidate our existing US operations and the options for establishing a US corporate structure. Following further legal advice, the Executive is proposing to set up a C Corporation, registering in Delaware. At this time, for governance and tax reasons, a C Corporation is considered preferable to establishing a branch of the PRI Association in the US, a 501 (c) or a limited liability corporation.

The Board agreed to the proposal to establish a C Corporation.

2015 BOARD ELECTIONS

The Board approved the candidates for the forthcoming Board director elections. In the 2015 election there are two open asset positions and one open investment manager position.

Asset owner candidates:

- [Pierre Ducret, Special Advisor for Climate Change and COP21, Caisse de Dépôts Group](#)
- [Angela Emslie, Independent Chair, HESTA Super fund](#)
- [Marie Giguère, Executive Vice President, Legal Affairs and Secretariat, Caisse de dépôt et placement du Québec](#)
- [Xander den Uyl, Trustee, Stichting Pensioenfonds ABP](#)

Investment manager candidates:

- [Masaru Arai, ex-CIO, Daiwa Asset Management](#)
- [Sandra Carlisle, Head of Responsible Investment, Newton Investment Management](#)

For more information on the candidates and the election process see the governance pages of the [PRI website](#).

UN PERMANENT ADVISORS TERMS OF REFERENCE

The UN partners play an important role in helping to deliver the PRI's strategy, providing signatories with additional avenues to learn, collaborate and take action towards responsible investment. The terms set out the expectations for the Permanent UN Advisors to the PRI Board.

The Board approved the [UN Permanent Advisors Terms of Reference](#).

6 SEPTEMBER BOARD MEETING

ATTENDANCE

The meeting was attended by the following representatives from the PRI Board, their designates and staff from the PRI Executive.

Board members present:	Designates in attendance:	PRI Executive in attendance:
Geeta Aiyer (Boston Common Asset Management)	Leanne Clements (West Midlands Pension Fund)	Mark Blair
Masaru Arai (ex-Daiwa Asset Management)	Annie Degen (UNEP FI)	Nathan Fabian
David Atkin (Cbus)	Anne Simpson (CalPERS)	Fiona Reynolds
Marcel Barros (PREVI)	Zaiga Strautmane (Unipension)	Lorenzo Saa
Mark Chaloner (West Midlands Pension Fund)		Christopher Sperling
Priya Mathur (CalPERS)		
Colin Melvin (Hermes EOS)		
Renosi Mokate (GEPF)		
Niels Erik Petersen (Unipension)		
Gavin Power (UNGC)		
Daniel Simard (Batirente)		
Martin Skancke (Chair)		
Eric Usher (UNEP FI)		
Peter Webster (EIRIS)		
Eric Wetlaufer (CPPIB)		

COMMITTEE REPORTS

At every Board meeting there are committee reports, to provide structured feedback from the committees to the Board, and recommendations from committees for formal Board approval.

The Signatory and Stakeholder Engagement committee, part of whose role is to provide guidance to the Board on issues of signatory status and categorisation, reported to the Board on recent signatory categorisation issues. Financial institutions are constantly evolving and it is a continual challenge to apply rigid definitions of asset owners, investment managers or service providers.

As part of the signatory consultation, planned to start in December, the Board will solicit feedback on signatory categorisation issues before any changes are proposed in 2016.

MANAGEMENT REPORT

Fiona Reynolds, Managing Director, updated the Board on the activities of the Executive since the Board meeting in June.

The Executive is looking forward to launching three publications at PRI in Person:

- [Fiduciary Duty in the 21st Century](#)
- [Model Guidance on Reporting ESG Information to Investors](#)
- [Report on Progress 2015](#)

The Board commended the Executive for the high quality of its activities and recent outcomes and impacts.

The [PRI Annual Report](#) and [Signatory General Meeting](#) papers detail the activities, impact and progress of the PRI over the last year.

HUMAN RESOURCES

Craig Fergusson, Associate Director of Human Resources, joined the meeting to present the results of a recent staff engagement survey; the progress implementing a structural review; and Updated HR policies (Staff and Political Activity; Shared Parental Leave and Maternity Leave; Equality, Diversity and Inclusion).

The Board approved the HR policies recommended by the Human Resources and Remuneration committee.

POLICY AND RESEARCH WORK PLAN

Nathan Fabian, PRI's new Director of Policy and Research, presented the short-term priorities and medium-term plans for the Policy and Research work streams and the PRI Academy.

Short-term priorities include following up on the recommendations included in the Fiduciary Duty report, instigating signatory-relevant research and policy work on financial regulation and low-carbon investment, and exploring the role of the PRI in delivering the Sustainable Development Goals. In the medium-term, the team's work will be aligned to the results of the upcoming signatory consultation to develop a 10-year blueprint for the responsible investment industry (see below). The Board stressed that the policy work plan needs signatory support, and that the views of the PRI and actions being taken need to be supported by signatories. As part of the forthcoming consultation, the PRI will consult on the criteria for taking action as well as the issues themselves.

IDENTIFYING, MAPPING AND MANAGING RELATIONSHIPS

In order to deliver on several* of the PRI's strategic objectives, the PRI needs to have the right processes in place to identify, map and manage relationships with signatories and non-signatory stakeholders. The Executive is increasingly segmenting the signatory base to try to ensure that the PRI's value and services are tailored to every individual signatory. It has also identified a globally diverse set of non-signatory stakeholders that are aligned with the PRI and can help the PRI to deliver its mission. These relationships will be overseen by the Directors.

*

- *Support signatories making progress towards implementation of the Principles.*
- *Collaborate with key stakeholders to further our mission.*
- *Engage with and facilitate dialogue with key decision makers.*

PRIORITY INVESTOR ENGAGEMENTS AND POLICY FOR PRI-COORDINATED ENGAGEMENTS

The Investor Engagements team is concluding its 2012-15 work plan and has been evaluating existing engagements and exploring potential new themes or projects for 2015-16. In May 2015, the team invited signatories to provide ideas and suggestions on which emerging or existing ESG issues could be addressed through global collaboration. The PRI also sought feedback on how it could better utilise its broader network, and where and how it could add value on the issues identified.

The following high-level issues were identified as areas the team will explore over the next year:

- climate change
- corruption
- cybersecurity
- deforestation and biodiversity
- director nominations
- human rights
- income inequality
- political activities
- rare earth minerals
- risk management and culture at banks
- supply chain labour standards
- tax
- water

The team will work to define specific activities to be undertaken on each topic, which could range from publishing a briefing paper to hosting a webinar, roundtable, or an in-depth collaborative engagement.

Given the distinct characteristics of collaborative engagements there is a need to provide more clarity on the role and responsibilities of signatories and the Executive for PRI-coordinated engagements. The Executive put forward a policy for PRI-coordinated engagements, to be included in the terms of reference for each PRI-coordinated engagement working group or committee.

The Board approved the high-level ESG priority topics and policy for PRI-coordinated engagements.

REPORT ON PROGRESS 2015

Alyssa Heath, Reporting and Assessment Senior Manager, joined the meeting to present highlights of the 2015 [Report on Progress](#). The analysis has implications for the PRI's strategy

and provides input into every team's work programme. Reflecting on the presentation, the Board discussed signatory progress on active ownership, how the PRI can track the impact and outcome of signatories' responsible investment processes and decision-making, and how to encourage asset owners to make better use of the reporting framework outputs.

SIGNATORY ACCOUNTABILITY

Enhancing signatory accountability is an integral objective of the 2015-18 strategy. The Board agreed that more work must be done to ensure that signatories are accountable to the PRI, and the PRI must better differentiate between signatories that are at an early stage from those who are leaders. The PRI is not content to facilitate greenwashing; it must seek to advance signatories' responsible investment activities and demonstrate progress and impact. The PRI has to continue to evolve and not be satisfied with the status quo.

In December 2015, the PRI will publish a discussion paper outlining options for increasing signatory accountability and promoting progress in the implementation of responsible investing practices. This will include options to increase the transparency of the Assessment Reports, which are currently only publicly available if signatories choose to publish them, along with other means to differentiate membership.

The planned signatory consultation will also assess signatory appetite for the introduction of a seventh Principle on systemic issues and will gather input on signatory categorisation issues.

10-YEAR ANNIVERSARY PLANS

The upcoming 10-year anniversary of the PRI's founding is an opportunity to reflect on the impact of the PRI and look forward to the next ten years. The Executive is starting to plan a series of initiatives. The two central outputs will be an independent report evaluating the PRI's impact over its first decade and a responsible investment blueprint to set out priorities for the industry and PRI over the next years.

Developing a vision for the future of the industry will be an opportunity for the PRI to convene signatories and wider stakeholders to discuss the purpose of the financial system, how to make it more sustainable, what role the PRI should play, what impact signatories should be seeking to have, and how should the PRI measure this.

FUTURE MEETINGS

The next Board conference call will take place on 3 December. In addition to regular agenda items, planned discussion points include:

- PRI in Person 2015 evaluation
- Signatory consultation on differentiation, categorisation and accountability
- PRI Board and Chair assessment
- PRI Board committees' composition

Signatories wishing to provide input on these agenda items or raise additional issues for consideration should email governance@unpri.org by 15 November.