

Principles for Responsible Investment 2014 Signatory General Meeting minutes

23 September 2014, 14:00-16:00

**Hilton Montreal Bonaventure,
900 Rue de la Gauchetiere Ouest,
Montreal,
Quebec H5A 1EA**

In attendance:

- Fiona Reynolds, PRI Managing Director
- Martin Skancke, PRI Advisory Council Chair (meeting Chair)
- 215 in-person representatives from 169 signatory organisations

1. Welcome and introductory remarks

Martin Skancke, Chair, PRI Advisory Council and PRI Association Board Director.

The Chair called the meeting to order at 14:00 hours and welcomed signatories, either in-person or via the webcast. The focus of the SGM is forward-looking issues, the governance review, 2015-2018 strategic plan and the long-term funding proposals.

2. Approval of minutes from the 2013 SGM

The draft 2013 SGM minutes were circulated to signatories in the 2014 SGM papers. The 2013 SGM minutes were approved.

3. Announcement of 2014 PRI Advisory Council election candidates

The PRI called for candidates for seven positions on the Advisory Council up for election in 2014.

Three candidates have automatically qualified to the Advisory Council, as there were no competing candidates in the respective categories.

- Marcel Barros, Executive Director of Benefits, PREVI (South America asset owner position)
- Renosi Mokate, Chairperson of the Board of Trustees, GEPF (Africa / Middle East asset owner position)
- Luciane Ribeiro, CEO, Santander Brazil AM (Emerging markets investment manager position)

There were no candidates for the dedicated Asia asset owner position and this will remain vacant.

There are three candidates for the two open asset owner positions:

- Mark Chaloner, Assistant Director (Investments), West Midlands Pension Fund
- Eric Loiselet, Member of the Board of Directors, Chairman of the Investment Policy Monitoring Committee, ERAPF
- Priya Mathur, Vice President, Board of Administration, CalPERS

There are four candidates for the one open investment manager position:

- Geeta Aiyer, President and Founder, Boston Common Asset Management
- Tim Creed, Managing Director, Adveq Management AG
- Julia Prescott, Chief Strategy Officer, Meridiam
- Philippe Zaouati, CEO, Mirova

This year signatories can ask candidates questions via candidates@unpri.org, with the questions and answers posted on the PRI website.

4. Report from the PRI Advisory Council and Board including the governance review: consultation feedback and recommendations

The objectives of the governance review are to deliver a fit-for-purpose, effective governance structure that supports the PRI now and in the future and is transparent and accountable; to balance the rights of all signatories but retain asset owner control; and ensure signatory rights but reinforce the principle of delegated authority from the signatories to the Board.

The Chair thanked signatories that provided constructive feedback on the [PRI Governance Review – Initial Recommendations](#) and the [PRI Advisory Council Chair Cover Note](#) during the consultation period (July to September).

The consultation feedback has informed the 10 final proposals from the Advisory Council:

1. **Single Governing Body:** The dual Advisory Council / Board structure is merged into a single governing body, the PRI Board.
2. **Advisory role of the UN:** The UNGC and UNEP FI will continue to serve on the PRI Board as advisors on a permanent basis.
3. **Independent Chair:** The Chair will not represent any of the signatory groups and will be an independent position.
4. **Fewer committees:** PRI Board committees should be formed to facilitate governance and fiduciary responsibilities. They should be kept to a minimum and the seats will be restricted to Board Directors and UN advisors.
5. **Unambiguous control:** All Board Directors, the elected Directors and the Chair, will be the sole 'Members' of the Company.
6. **Clear responsibilities:** Clear expectations, terms of reference, lines of accountability, and delegated authorities should be defined and published for the Chair, Board Directors, committees and the Managing Director.
7. **Signatory involvement in governance:** Signatories will have certain matters reserved for their endorsement.
8. **Board member continuity:** Board Directors should provide continuity in governing the PRI and be accountable to signatories. The role of alternates will be removed.

9. **Skill levels of the Board:** The current eligibility requirement for the PRI Board (i.e. those holding current CEO / CIO / Board Director / trustee positions) will be extended to include retired or ex-CEOs / CIOs / Directors / trustees
10. **Formal Board reviews:** The Board will carry out a formal review process on an annual basis, evaluating Board function, committee function and individual Director performance.

PRI signatories will be invited to vote on the draft Articles, which will contain the specific changes to the current PRI Articles, based on these recommendations. Signatories will receive the draft Articles and supporting materials in mid-December and will be asked to vote to approve them by late January 2015. The results of the vote will be published in February and, if agreed, the new governance structure will be implemented from 1 April 2015. The first in-person meeting of the new PRI Board is scheduled to take place in June 2015, when terms of reference for the various committees will be adopted.

Questions from the floor focused on extending the eligibility requirement and its impact on the pool of potential candidates and Board diversity; the role of committees and delegation of decisions; the distinction between asset owners and investment managers; and the appropriateness of a Nominations committee within the PRI governance structure.

[For more in depth information on the governance proposals and next steps see the [Advisory Council Chair Cover Note – Proposed PRI Governance Structure](#).]

11. Update from the PRI Executive including financial report

Fiona Reynolds reported on the Executive's activities over the last year, including progress on delivering the governance review, devising the PRI's next three year strategy, reviewing PRI's long-term funding strategy and delivering the largest responsible investment reporting and transparency programme. The [2014 PRI Annual Report](#) details the activity of individual work streams and collaborative engagements.

The Managing Director highlighted several achievements and projects:

- Another year of record signatory growth: There are now 1,269 signatories globally, with 177 signatories joining and 129 signatories delisted during the year;
- Growth of US signatories: Notable additions include Harvard University's endowment and University of California, partly as a result of increased resourcing of the PRI's US Network;
- Positive results from the signatory survey, which have informed the governance review and the next three year strategy;
- 814 signatories reported and 787 signatories publicly disclosed their Transparency Reports on the PRI website, raising transparency in the industry and providing valuable insight into how the PRI can support signatories more effectively;
- Continued work on the PRI's 15 priority engagements, including water risks in the agricultural supply chain, which was launched at the White House as part of the US President's Climate Data Initiative;
- New Implementation Support guidelines, including [Integrating ESG in Private Equity: A Guide for General Partners](#), [Sovereign Bonds: Spotlight on ESG Risks](#), [Corporate Bonds: Spotlight on ESG Risks](#), and lastly the [Fixed Income Investor Guide](#) launched recently on Bloomberg and CNBC;

- The Policy and Research work stream has set up a new asset owner-led steering committee, launched a discussion paper on long-term mandates, worked with the UNEP Inquiry into the Design of a Sustainable Financial System and submitted responses to the UK Law Commission consultation on fiduciary duty and the EU Commission's non-financial disclosure;
- Delivering academic research events in Paris, Singapore and New York as well as publishing the RI Quarterly;
- New recruitment including a US Network Manager (Sonal Mahida), Director of Networks and Global Outreach (Yann Gindre), and a new South America Network Manager (Tatiana Assali);
- Ongoing collaboration with the UN partners, including the Sustainable Stock Exchanges Initiative, Pilot Project on Responsible Business in Conflict Affected and High-Risk Areas, ESG Investor Briefing Project, Investor Short-Termism project with UNGC LEAD, input into the UN Post-2015 Sustainable Development Agenda, and Caring for Climate Initiative. The PRI has agreed to work with the UN partners on five priority projects over the next three years.

Details of the PRI's actual and forecast income and expenditure, including extensive notes, are provided in the [2014 PRI Annual Report](#) and [2014 SGM papers](#). In 2014/15, the PRI is forecasting a planned loss of approximately £250,000. The PRI is investing in the organisation, ensuring that it is delivering value to signatories in every market.

12. PRI's 2015-2018 strategy and long-term funding consultation process

The Managing Director gave a brief introduction to the development of the strategic plan and the main areas of focus. The PRI has had a lot of input from signatories already, through the signatory survey and regional "Results-to-Action" workshops. There is continuity between the current strategy and the new strategy, which builds on the PRI's solid foundations. These include the PRI Clearinghouse, the Reporting Framework, implementation support work streams, regional networks, the Policy and Research programme, the Academic network and the recent purchase of the RI Academy.

The theme of the next three years will be 'moving from awareness to impact', focusing on the impact of the PRI's work, the impact of signatories, and the impact of responsible investment. Signatories have also requested that the PRI delivers more local support and expertise, as well as better tailoring and targeting of its services to different signatory types and those that are at different stages of their responsible investment journey.

The PRI has considered its long-term funding plan; the means and resources required to deliver the strategy. The guiding principles for the funding plan are: to promote diversity within the signatory base; to differentiate between signatories by size and category; to be considerate of the differences between developed and developing market signatories; and to drive ongoing recruitment in markets where the PRI is under-represented.

The details of the next three strategy and long-term funding plan will be circulated to signatories in mid-October in a consultation paper. Signatories will be able to provide feedback in writing as well as through webinars and calls.

The PRI's priorities for 2015 include:

- Finalising the strategy and long-term funding model following signatory feedback;
- Implementing the proposed governance reforms;
- Strengthening local and regional networks; and
- Integrating the PRI Academy.

There were questions from the floor on the measurement and transparency of the impact of the PRI's collaborative engagements; and the purpose and remit of PRI Enterprises.

13. General business

The Chair provided a summary of the meeting. The PRI has set out three major initiatives this year - governance reform, a new three year strategy and new funding plan - which will all be finalised, with signatory approval, by the end of the financial year. From 1 April 2015, the PRI will be on a stronger footing, enabling it to focus on delivering value to signatories and promoting responsible investment practices.

The Chair thanked those present for their participation in the SGM and encouraged all signatories to be actively engaged in the next stage of the PRI.

[For signatories that could not attend the SGM a recording is available [here](#).]

Signatories approved the minutes at the 2015 PRI SGM by a show of hands.