

PRI ADVISORY COUNCIL AND BOARD MEETING REPORT

The PRI Advisory Council and Board met in New York on 5-6 March 2015. The meetings were the culmination of a busy week in New York, promoting long-term investment and the work of the PRI in the US market. From 2015, the PRI is devoting additional resources to the US, where the number and size of the signatory base remains small relative to the size of the overall market.

Signatory events organised by the PRI included: a foundations event hosted by Nathan Cummings Foundation; an event hosted by TIAA-CREF to discuss the barriers that interpretations of fiduciary duty present in the US; an event hosted by Bank of America Merrill Lynch on addressing growing client demand for ESG investing; a meeting with US SIF to agree collaborative projects for 2015; and a divestment debate hosted by Neuberger Berman. Hosting these events was a great way to share the global expertise of the PRI's governing bodies and encourage formal and informal dialogue between signatories and the PRI Advisory Council and Board.

ATTENDANCE

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

Present: Geeta Aiyer David Atkin Marcel Barros Else Bos (Board) Mark Chaloner Colin Melvin Renosi Mokate Niels Erik Peterson Gavin Power (UNGC) Martin Skancke (Chair) Daniel Simard David Russell (Board) Eric Usher (UNEP) Peter Webster Eric Wetlaufer Yuki Yasui (UNEP FI) Apologies: Chris Ailman (Board) Luciane Ribeiro	In attendance: Mark Blair (PRI) Acyr Moreira Fiona Reynolds (PRI) Christopher Sperling (PRI) Zaiga Strautmane
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WELCOME

Martin Skancke, Chair, opened the meeting and welcomed the new Advisory Council representatives, Geeta Aiyer (Boston Common Asset Management), Mark Chaloner (West Midlands Pension Fund) and Renosi Mokate (Government Employees Pension Fund of South Africa).

MANAGEMENT REPORT AND STRATEGY MEASURES

Fiona Reynolds, Managing Director, delivered the management report, including: updates from the various work streams and the progress translating the first year of the PRI's 2015-18 strategic plan into business plans for 2015/16; the PRI efforts to galvanise signatories' climate change initiatives after the launch of the Montreal Carbon Pledge and in advance of COP21 Paris; recent publication highlights including [The Case for Investor Engagement in Public Policy](#) and [Private Sector Investment and Sustainable Development](#); a report on the progress on the UN partners joint projects; and an update on the continued strong growth of signatories since the December meeting, especially in North America and Europe.

The draft strategy measures were presented for initial feedback. The headline measures were part of the strategy consultation, apart from a measure on governance that was added following signatory input. In June, the Executive will return to the Board with underlying metrics that focus on strategic priorities, differentiate between signatory categories and demonstrate the impact of the PRI. After the June meeting signatories, who no doubt have been grappling with similar issues on demonstrating impact, will get the opportunity to provide feedback on the proposed 2015-18 strategy measures.

PRI ARTICLES OF ASSOCIATION

By the close of voting on 30 January 2015, 97.6% of asset owner and 96% of non-asset owner (investment managers and service providers) signatories that voted approved the revised [Articles of Association for PRI Association](#).

Under the Rules of PRI Association, the changes also had to be approved by the asset owner representatives of the Advisory Council. This took place at the March meeting, enabling the new PRI Board and governance structure to come into effect on 1 April. Current Advisory Council representatives will become Directors on the new PRI Board and will serve the remainder of their original elected terms.

DRAFT TERMS OF REFERENCE AND RULES AND POLICIES

As part of the governance review's next phase of implementation, the Articles instruct the Directors to develop and publish certain Rules and Policies on the PRI website, including Signatory Rules; Election Rules; Procurement Policy; Code of Ethics; Diversity Policy; Signatory General Meeting Rules; Terms of Reference for Directors; and Terms of Reference for Committees. These will enshrine the procedures and practicalities required to give effect to each Article in more detail.

Drafts of each Rule and Policy will be distributed at the start of April for signatories to review and provide feedback, before their formal adoption in June.

COMMITTEES AND THEIR DRAFT TERMS OF REFERENCE

The following committees are provisionally approved to facilitate the Board's duties and work: Ethics committee; Skills, Diversity and Election committee; Finance, Audit and Risk committee; Human Resources and Remuneration committee; and the Signatory and Stakeholder Engagement committee.

These committees are for formal establishment at the first meeting of the new Board in April, after which the committees will refine the draft terms of reference and initial work plans for agreement in June. The agreed terms of reference will be available on the PRI website in July.

PRI IN PERSON

The Advisory Council and Board gave feedback on the latest draft agenda for PRI in Person 2015 in London, including the suggestion to add a session on how asset owners can make more use of the Reporting Framework in their discussions with investment managers. Marketing for the event began in February and early bird tickets will go on sale in March. This year for the first time there will be an emerging markets asset owner scholarship fund, to encourage a diverse audience and those signatories who might otherwise be unable to attend to learn from and collaborate with their peers.

It was agreed that PRI in Person 2016 will be in Singapore on 6-8 September. This will be the start of a comprehensive PRI effort to raise its profile in the Asian market and an opportunity for PRI signatories to gain more exposure to ESG issues in this market.

HUMAN RESOURCES

Craig Fergusson, Associate Director of Human Resources (HR), presented four broad HR issues: staff growth, reward, turnover and employee engagement. The discussion focused on the management style and culture the PRI is trying to create during this period of staff growth, as well as how to achieve the right balance of staff skillsets and experience. A follow up session in September will focus on the results of the staff survey and efforts to better integrate regional network staff with the London head office.

SIGNATORY FEES AND EMERGING MARKETS ASSET OWNER DISCOUNT

As part of the long-term funding model, the PRI committed to making fee discounts available to asset owners in emerging markets, with the aim of promoting a diverse signatory base, by region, and increasing signatory recruitment in regions where the PRI is currently under-represented, particularly Africa, Latin America and Asia. The annual fee invoice will be sent on 1 April and eligible signatories will have to apply for the discount in writing by 24 April.

REPORTING AND ASSESSMENT

Lorenzo Saa, Associate Director of Signatory Services, highlighted the increasingly central role of the Reporting and Assessment process and outputs. Reporting is one of the main points of interaction with signatories, providing an opportunity for dialogue between signatories and the

PRI and between signatories themselves. This is a huge driver for signatory progress. However there are still areas of improvement, in particular to ensure that different levels of progress are appropriately captured.

In light of this, Lorenzo presented some of the future plans to strengthen the Reporting and Assessment depth and accessibility. Key improvements include adjustments to existing modules and definitions, the development of analytical tools that make the information in the Transparency Reports easier to access and analyse, a guidance document on how to assure reported RI information, and the future proofing of the assessment methodology including the introduction of more scoring bands.

Beyond these improvements it was agreed that further research is needed on how the PRI can encourage signatories progress in implementing the Principles. At the September meeting there will be further discussions on how to ensure that the reporting framework enables a greater differentiation of signatories, specifically better recognising the leaders.

PRI ACADEMY

Terry Thornton, Head of Online Learning, joined the meeting to give an update on the PRI Academy. The Academy was purchased by the PRI in 2014 to fill a gap in the provision of formal training to signatories. The courses are being reviewed to better align them with the PRI Reporting Framework and other PRI resources. The Advisory Council and Board considered the plans for future courses and translation; potential areas of collaboration with other organisations to promote the courses strategically and deliver in-person training; and how the PRI could use the courses strategically to promote responsible investment through the training of key players in the investment chain.

2015 BOARD ELECTION

In 2015 there are two asset owner positions up for election on the new PRI Board. The election notice and invitation for signatories to nominate candidates will be published at the start of June.

During the governance review the PRI committed to provide more information throughout the election process in future. This includes expectations for signatories that are nominating candidates, in particular the skills, experience and time commitment; and for voting signatories, so they can make a more informed choice. As part of this commitment, the Advisory Council discussed how to publicise the election more widely and provide information for interested candidates.

OTHER BUSINESS

The Chair thanked the departing Board Directors, Chris Ailman (CalSTRS), Else Bos (PGGM) and David Russell (USS) for their contribution to the PRI, helping to drive the organisation forward over the past years.

FUTURE MEETINGS

The new PRI Board will meet for the first time via conference call on 8 April 2015. The call will focus on formalities for the Board, the approval of the 2015/16 budget, the appointment of the

company secretary and auditor, directors' insurance, the formal establishment of the committees and 2015 election communications.

The next in-person meetings will take place on 29-30 June 2015 in San Francisco and 7 September 2015 in London in advance of PRI in Person. In addition to regular agenda items, planned discussion points for these meetings include:

June

- PRI's US presence
- Investor engagements work stream update
- Fiduciary duty and long-term mandate project outcomes
- 2015-18 strategic measures
- PRI's stakeholder ecosystem collaboration
- Steering committee rules and charters
- PRI Rules and Policies for formal approval
- PRI Board draft self-assessment template
- PRI in Person 2017

September

- Reporting and Assessment plans for 2016/17
- HR update
- PRI Academy update
- Terms of Reference for UN permanent advisors

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