

PERMANENT UN ADVISORS TERMS OF REFERENCE

UNITED NATIONS-SUPPORTED PRINCIPLES FOR RESPONSIBLE INVESTMENT

The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices.

In early 2005, former United Nations Secretary-General Kofi Annan invited a group of the world's largest institutional investors to join a process to establish the Principles for Responsible Investment. Developed with the contributions of a multi-stakeholder group including the global investment industry, intergovernmental organisations, civil society and academia, the PRI today remains an investor-led coalition in partnership with the United Nations Environmental Programme Finance Initiative (UNEP FI) and the United Nations Global Compact (UNGC).

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.

PRI ASSOCIATION OBJECTS¹

1. The objects of the Company are to:
 - 1.1. promote the Initiative, launched in April 2006 by the United Nations Secretary-General in New York, by advancing the Principles for Responsible Investment; and
 - 1.2. promote the consideration of environmental, social and governance issues:
 - 1.2.1. in the management and ownership of investments;
 - 1.2.2. relating to investment policies and practices by investment managers and owners and other interested parties including consumers, non-governmental organisations, regulators and governments; and
 - 1.2.3. promote the PRI's Mission,
- and thereby to promote sustainable global commerce and a sustainable financial system.

2. The **PRI's Mission** is:

"We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; fostering good governance, integrity and accountability; and addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation."

¹ [Articles of Association of PRI Association](#), Article 4,

POWERS²

3. For the purpose of promoting the Objects the Company has the power:
 - 3.1. to co-operate with UNEP Finance Initiative, the UN Global Compact (or their respective successor agencies within the United Nations, if any) and other United Nations programmes and divisions and any other authority or organisation, international, national, local or otherwise.

PRI ASSOCIATION BOARD

4. PRI Association is governed by the PRI Association Board (the Board) as set out in the Articles of Association of PRI Association (the Articles).
5. The Board is collectively responsible for the long-term success of the PRI Initiative and in particular for establishing the PRI's mission, vision and values; setting the strategy, risk appetite and structure; delegating the implementation of the strategy to the PRI Association Executive (the Executive); monitoring the Executive's performance against the strategy; exercising accountability to signatories and being responsible to relevant stakeholders.³
6. The Board is composed of: one independent Chair, confirmed by a signatory vote; and ten Directors, seven elected by asset owner signatories, two by investment manager signatories and one by service provider signatories.
7. The Chair and all elected Directors are the Statutory Members of the Company.
8. There are two Permanent UN Advisors to the Board, representatives from the PRI's founding UN partners: UN Global Compact and UNEP Finance Initiative.

PERMANENT UN ADVISORS⁴

9. UN Global Compact and UNEP Finance Initiative (or their respective successor agencies within the United Nations) may each appoint one senior representative to serve as one of two permanent UN advisors to the Board (each a Permanent UN Advisor).
10. Each of the UN Global Compact and the UNEP Finance Initiative (or their respective successor agencies within the United Nations) may remove its respective appointee Permanent UN Advisor and appoint another individual in his or her place from time to time by giving written notice of the removal and appointment to the Company.
11. Each of the Permanent UN Advisors is entitled to receive notice of, attend and speak at all meetings of the Board, but is not entitled to vote on any resolution of the Board.

PERMANENT UN ADVISORS ROLE

12. To provide advice, guidance and support to the Board regarding the PRI's strategy and implementation of the Principles, including how the PRI can best reinforce the mission and objectives of the UN partners where relevant.
13. To support and promote the PRI and the Principles to businesses, investors, civil society, UN agencies and governments.

² See Article 5

³ For more information on the role of the Board and Directors see the [PRI Association Board Directors' Terms of Reference](#).

⁴ See Article 9.

14. Explore synergies between the work programmes and activities of the PRI and the UN Global Compact and UNEP Finance Initiative and collaborate for greater impact where possible.
15. Keep the Board informed of UN activities and processes activities relevant to the implementation of the Principles. In turn the PRI will keep the UN partners reasonably informed of all activities being undertaken in fulfilment of the objectives of the Principles.

BOARD COMMITTEES⁵

16. The Directors may: (i) constitute committees to facilitate the workings of the Board; and (ii) may, if they choose, delegate any of their powers to those committees, in each case on the basis set out in the Articles.
17. If the Directors constitute a committee to which they do not delegate any of their executive powers, then any Director or Permanent UN Advisor is eligible to be appointed to, and may vote on any resolution of, that committee. A committee constituted in accordance with this Article, may invite any other person to attend its meetings and participate in any way that such committee sees fit, as long as that participation does not include a vote on any resolution of that committee.
18. If the Directors constitute a committee to which they delegate any of their executive powers then any Director or Permanent UN Advisor is eligible to be appointed to that committee, but only the Directors appointed to such committee may vote on any resolution of that committee. A committee constituted in accordance with this Article, may invite any other person to attend its meetings and participate in any way that such committee sees fit, as long as that participation does not include a vote on any resolution of that committee.

UN PARTNERS' RIGHTS AND RESPONSIBILITIES

SURPLUS ASSETS⁶

19. In the event of no resolution being passed by the Directors in accordance with Articles, on the winding-up or dissolution of the Company, the Surplus Assets must be applied or transferred only in the manner set out in either Articles as directed by the UN Global Compact and the UNEP Finance Initiative (or their respective successor agencies within the United Nations) acting jointly. If either of those agencies (or their respective successor agencies within the United Nations) is no longer functioning then the remaining agency will be entitled to act alone. Any direction made under the Articles that requires the application or transfer of the Surplus Assets other than in the manner set out in either Articles is to be disregarded.

PRI SIGNATORY RIGHTS TO APPROVE AMENDMENTS TO THE ARTICLES AND THE PRINCIPLES⁷

20. The Articles and the Principles for Responsible Investment may only be amended:
 - 20.1. in accordance with the Act; and
 - 20.2. with the approval of:
 - 20.2.1. a simple majority of the Signatories voting on the amendment in question, including:

⁵ See Article 14

⁶ See Article 8

⁷ See Article 18.

- 20.2.2. a simple majority of Asset Owner Signatories voting on the amendment in question,
such approval to be given by way of vote at an SGM or by way of an Electronic Poll; and
- 20.3. in the case of a proposed amendment to the Principles, with the written approval of the UN Global Compact and UNEP Finance Initiative (or their respective successor agencies within the United Nations, if any).

REQUIREMENTS OF PERMANENT UN ADVISORS

Permanent UN advisors are required to:

21. Comply with the Permanent UN advisors Terms of Reference;
22. Attend the annual Signatory General Meeting, which will coincide with one of the planned in person Board meetings;
23. Make themselves available for planned and ad hoc Board meetings or conference calls, where possible;
24. Respond to communications from the Board Chair and the Executive related to the role and duties as a Permanent UN advisor (i) within 48 hours where the Chair or Executive indicates the matter is urgent; and (ii) in all other cases, in a timely manner;
25. Attend committee meetings as may be required by the Board; and
26. Undertake any other tasks as may be appropriate for a Permanent UN advisor to perform.

GENERAL BEHAVIOUR GUIDELINES

27. Permanent UN advisors should adhere to the highest standards of ethical and responsible behaviour in carrying out their role and conduct themselves in a manner that does not bring the Board or PRI into disrepute.
28. The Board dedicates itself to leading by example in serving the needs of PRI and its members and also in representing the interests and ideals of the responsible investment space at large.
29. Permanent UN advisors should treat their colleagues, Signatories and PRI staff with courtesy.

TIME COMMITMENT

30. The expectation is that the UN Global Compact and UNEP Finance Initiative (or their respective successor agencies within the United Nations) appoint permanent UN advisors to the Board (each a Permanent UN Advisor) that are able to allocate sufficient time to their role and duties as a director of PRI Association to discharge their responsibilities effectively.

MEETINGS⁸

31. The Board should meet sufficiently regularly to discharge its duties effectively.
32. The Board must hold at least three (3) in person meetings in each calendar year.
33. Any Permanent UN Advisor may participate in a meeting of the Directors by means of video conference, telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in such a meeting will constitute presence in person at that meeting.
34. The expectation is that the Permanent UN Advisors will participate in every meeting of the Directors.

⁸ See Article 13

35. Attendance at planned and ad hoc Board meetings and conference calls, and committee meetings and conference calls will be recorded in the annual SGM papers. Where applicable attendance in person or attendance via conference call / video conference will be indicated in the annual SGM papers.

FEES⁹

36. The expectation is that all Permanent UN Advisors are not paid an annual fee or reimbursed for costs and expenses incurred while performing duties as a Permanent UN Advisor unless otherwise agreed.
37. The PRI will offer to make a contribution towards the travel expenses of Permanent UN Advisor that attend in person meetings. The contribution per in person meeting will be agreed by the Board at the start of every financial year and declared in the annual report.
38. Aside from the offered contribution towards travel expenses, the UN Partner organisation that puts forward a Permanent UN Advisor is responsible for all costs and expenses incurred by the Permanent UN Advisor in connection with attending Board meetings and PRI events.

CONFIDENTIALITY

39. Permanent UN Advisors will treat all information and documents exchanged, disclosed or obtained in the context of Board meetings or otherwise obtained as a result of their role as a Permanent UN Advisors to the Board (including, but not limited to, all information and documents pertaining to matters of strategic importance in respect of PRIA) as confidential, save that a Permanent UN Advisor may disclose such information (i) to the Directors of PRIA and other Permanent UN Advisor, and (ii) to third parties with the prior consent of the Board Chair or a majority of the Directors of PRIA.
40. For the purpose of promoting a transparent and accountable Board, Permanent UN Advisor and Board Directors can discuss the topics raised at Board meetings with signatories (unless it is agreed that a particular topic should be treated as confidential). Staffing matters should always be treated as confidential and Permanent UN Advisors should only use agreed public positions (including the Chair's report to signatories after a Board meeting) in conversation with the media, or in other public statements they make.

REVIEW TERMS OF REFERENCE

41. The Board will review annually the Board's terms of reference.

⁹ See Article 6