

MACROECONOMIC RISKS ADVISORY GROUP – TERMS OF REFERENCE

March 2018

INTRODUCTION

The PRI's mission sets out our belief that an economically efficient, sustainable global financial system is a necessity for long-term value creation. As part of our Blueprint for Responsible Investment we have committed to address the barriers to a sustainable financial system – our [Sustainable Financial System \(SFS\)](#) work.

Macroeconomic risks and how investors respond to these risks to ensure the stability and sustainability of the financial system is one of the first SFS projects. This Group will work with the PRI Executive to address macroeconomic risks by preparing research and analysis, and discussion papers to support engagement with governments and corporates.

A. OBJECTIVES

The objective of this work is to explore long-term macroeconomic risks (such as slow global growth, low interest rates, and emerging societal and technological trends), how these will have an impact on ESG issues (such as inequality, employment and human rights), and in turn, investors and the financial system, and identify and provide practical ways that investors can respond to these risks.

The Macroeconomic Risks Advisory Group will be expected to:

- Prioritise a set of macroeconomic risks to explore through the work stream;
- Support research on macroeconomic risks and implications for investors;
- Explore possible public policies, investment practices, and corporate behaviours that address long-term macroeconomic risks and opportunities;
- Provide analysis to investors who wish to engage governments on public policy solutions that mitigate macroeconomic risks and encourage investable opportunities.

RELATIONSHIP TO THE BOARD POLICY GROUP

The macroeconomic risks project is part of the Sustainable Financial System work which is overseen by the PRI Board Policy Group. The Macroeconomic Risks Advisory Group will provide expert input into the project and report on progress to the Board Policy Group. The Board Policy Group will have oversight on the strategy and direction of the project.

MEMBERS

The Group, which will work closely together with the Executive, will consist of PRI signatories supporting the objectives of the SFS work.

TARGET COMPOSITION

- 12-14 PRI signatories;
- Diversity asset owners, asset managers and service providers;
- Balanced geographical spread;
- Relevant (or access to) expertise in assessing long-term economic trends;
- Relative seniority within signatories' organisations;
- Demonstrated interest in the PRI's Sustainable Financial System activities; and
- Up to four non-asset owner / non-signatory members co-opted to the Group to provide additional expertise with additional resources as required on an ad hoc basis.

REQUIREMENTS FOR GROUP PARTICIPATION

ROLE OF THE CHAIR

The Macroeconomic Risks Advisory Group commits to dedicating sufficient time and resources to fulfil Chairing responsibilities, which include, but are not limited to:

- Chairing meetings;
- Advising the Executive regarding relevant macroeconomic risk insights;
- Providing the Executive with guidance and working with the Executive to provide leadership to the Group as needed.

ROLE OF MACROECONOMIC RISKS ADVISORY GROUP MEMBERS

Members of the Group agree to commit sufficient time to produce and promote the agreed output of the Group. Typical responsibilities may include, but are not limited to:

- Committing to a minimum of four calls per year, one of which may be in person;
- Supporting with the preparation of analysis and drafts of required work including integrating Group members' feedback;
- Providing a regular guidance/feedback to the PRI Executive on relevant issues. This may include providing advice/feedback on outputs such as publications, case studies, toolkits and work stream strategy;

- Speaking commitments relating to outputs from the Group. The PRI Executive can provide support in the form of background research and presentation slides;
- Outreach and engagement with peers on behalf of PRI. The PRI Executive can provide support in the form of background research and material.

All Group members are welcome to commit to undertaking additional work, for example, drafting documents if their schedules enable them to do so.

APPOINTMENT OF GROUP MEMBERS

The Executive will publicise membership opportunities as they arise, including the criteria for appointment of members and timelines – via relevant newsletters and the PRI website. The Executive will review applications. Final decisions on the Macroeconomic Risks Advisory Group composition are at the discretion of the Executive.

If a member does not demonstrate the required level of commitment and engagement, then the Executive may terminate that signatory's participation and invite other interested signatories to participate.

If a member steps down from the Group during their tenure, they are welcome to appoint an appropriate replacement from their organisation (according to the criteria described in the previous sections). If the replacing member does not demonstrate the required level of commitment and engagement, then the Executive may terminate that signatory's participation and invite other interested signatories to participate.

TIMELINE

The project plan with suggested time frames and milestones will be established by the Executive and presented to the Macroeconomic Risks Advisory Group at the first meeting of each year. Progress against the action plan should be evaluated by the Group during the last meeting of each year.

DURATION OF THE GROUP

The Group is expected to operate for around three years, but the life of the Group will reflect completion of the planned work programme.

CONTACT

If you would like to learn more about the Macroeconomic Risks Advisory Group, please contact:

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