

# Terms of Reference – Cyber security advisory committee

---

## A. INTRODUCTION

The ESG Engagements (ESGE) team within the PRI Executive is responsible for coordinating collaborative engagements with listed companies on ESG topics, developing guidance documents, briefings or collaborative initiatives on ESG issues, and supporting the participation of signatories in engagements promoted on the PRI's Collaboration Platform.

Topics for collaborative engagements coordinated by the PRI Executive are reviewed annually, taking into account PRI's analysis of issues, feedback from signatories, and input from the ESGE Advisory Committee<sup>1</sup> and the PRI Board. Following an open consultation with signatories over summer 2015, signatories indicated strong interest in the PRI ESG coordinating collaborative engagement work on the issue of cybersecurity. Companies' cyber security and data management have come under increased scrutiny in the aftermath of recent high profile cases of cyber security breaches. Investors are therefore looking to deepen their understanding of the issue and are calling for transparency around companies' risk mitigation, budgeting, training and recovery action plans.

These terms of reference apply to the cyber security advisory committee, which will advise and assist the PRI in developing a forthcoming engagement that will be launched at the end of 2016 with a broader engagement group of PRI signatories. Separate terms of reference will be issued for the broader collaborative engagement group.

## ROLE OF INVESTORS AND PRI IN COLLABORATIVE ENGAGEMENTS

In September 2015, the PRI Board agreed the below policy which provides more clarity on the roles of investors and the PRI Executive in PRI coordinated engagements:

- PRI is responsible for ensuring that the collaborative engagements coordinated and managed by the PRI Executive are aligned with the PRI strategy and resources required for each engagement are utilised as effectively as possible toward their aims and objectives.
- Signatories in advisory committees provide guidance, advice and expertise to the PRI in the development of collaborative engagements, including on engagement objectives, strategy

---

<sup>1</sup> The Investor Engagements Advisory Committee provides guidance to the IE team on its overall strategy and activities, as a voluntary advisory body to the PRI Executive. More information on the role of the Investor Engagements Advisory Committee is available on the PRI website (add link)

and focus. The Executive is typically guided by advice from engagement advisory committees in developing and defining collaborative engagements. However, PRI may not follow advice of a signatory committee, particularly where:

- It is not aligned with the interests of the broader signatory base;
- It is not aligned with the PRI strategy and resource allocation, mission or values or the ESGE team strategy;
- It may have a negative impact on the effectiveness or efficiency of the project.
- Where an advisory committee for a collaborative engagement has a significant divergence of opinion on an issue the Executive will take a decision, having consulted with signatories.

The below terms of reference incorporate the remainder of the 'Rules' as agreed by the Board for all working groups and advisory committees.

## **B. OBJECTIVES**

Committee members will contribute to refining the scope of the forthcoming engagement, including its main objectives and timeline, as well as supervising research gathering, reviewing the company target list and initial letter to be sent from the engagement group.

## **C. MEMBERS**

Members of the Advisory Committees are appointed by the PRI following an open invitation to the signatory body. Engagement advisory committees are typically comprised of 5-9 asset owners, investment managers or service providers/investor networks with assets under management. The PRI is a principle led organisation with an asset-owner focus, and the Executive will aim for asset owner representation to reflect the makeup of the signatory body as a whole. Committee members are appointed by the PRI based on the following criteria:

- Proactive interest and ability to contribute expertise and time
- Diversity of the group defined by type, size and location of signatories, ideally including at least one signatory from an emerging market and a small fund
- As far as possible members of the advisory committee will commit to participating in the engagement working group for the duration of the collaborative engagement

Members join the group in their capacity as representatives of their organizations. If a committee member leaves their role and the signatory does not wish to nominate a replacement, the member may continue on the committee as a representative of a new signatory organisation, where that organisation meets the membership criteria.

Otherwise, where a signatory steps down from the engagement advisory committee, the PRI will determine whether to appoint a replacement giving priority to engagement working group members. Where a replacement is appointed, the balance of the committee shall be preserved to the greatest extent possible. For example, where possible an asset owner shall be replaced with an asset owner and an investment manager with an investment manager and so forth.

## **D. RESPONSIBILITIES**

## **PRI Executive**

The PRI plays an active role in leading and coordinating investor groups and commits to:

- Defining project objectives, strategy and timelines, based on input from advisory committees
- Providing strategic and organisational guidance and administrative support
- Provide expertise from either internal or external sources, convening, and facilitating regular meetings of the committee
- Coordinating meetings, providing agendas producing meeting minutes, briefings and publications, etc.
- Where relevant, developing RFPs for research or consultancy and appointing providers
- Ensuring the group moves forward and adheres to agreed timelines
- Ensuring initiatives continue to support the PRI principles and overall strategy
- Managing the content of the relevant confidential online working group space

The Executive, taking into consideration the advice of the advisory committee, can set out guidelines for the operations of a collaborative engagement. These guidelines aim to facilitate effective projects that work towards the desired aim by establishing from the outset the required commitment, timeline, responsibilities and other contributors to a successful outcome. The guidelines are for the final decision of the Executive, taking into consideration the input of advisory committee.

Following appropriate input from members of the engagement advisory committee, the Executive at all times retains ownership and final sign-off of any outputs that are published under the name of the PRI, including events, research or outcomes documents. The Executive is responsible for the timelines, resources and budget that have been allocated to the project.

## **Engagement advisory committee members**

By accepting a role on an advisory committee, members confirm that they are able to devote sufficient time to the role and duties, as defined below. Proactive participation from all members is crucial for an effective signatory group and the Executive has the authority to remove signatory participants that do not abide by the agreed commitment levels and invite other signatories to participate.

Indicative responsibilities will include:

- Project definition and research
  - Advising on the focus, objectives and scope of the engagement
  - Reviewing existing research, resources and literature and advising on appropriate links to the engagement
  - Providing feedback on eventual RFP and selection of third party to conduct outsourced research
  - Advising whether the project should include additional elements such as engagement with policymakers in collaboration with the P&R team, sector bodies, initiatives or voluntary standards, preparation of public statements, etc.
  - Advising on the strategy, timeline and milestones of the project
- Establishing guidelines for the engagement working group, for example on confidentiality

- Engagement with listed companies
  - Advising on engagement strategy, focus sectors, and requests to companies
  - Providing feedback on a framework to evaluate corporate performance and track progress
  - Advising on the universe of companies to be targeted (though the composition of the target list will be at the discretion of the eventual group members)
  - Drafting and providing feedback on the text of the initial letter to target companies
  - Acting as a lead investor (when possible) in the engagement, by coordinating follow up activities/dialogues with a small group of target companies on behalf of the group.
- Advice and consultation
  - Being available for regular consultation with the PRI in relation to the development, progress and conclusion of the initiative.

Typical responsibilities may include, but are not limited to:

- Regular calls, the frequency of which will be based on project needs.
- Providing regular guidance/feedback to the Executive on relevant issues. This may include providing advice/feedback on outputs such as publications and toolkits. The PRI Executive will project manage, put together first drafts of written work and take into consideration all advisory committee feedback.
- Voluntary speaking commitments on behalf of PRI. The Executive can provide support in the form of background research and presentation slides.
- Outreach and engagement with peers on behalf of PRI. The Executive can provide support in the form of background research and pitching material.

All advisory committee members are welcome to undertake additional work, for example, drafting documents if their schedules enable them to do so.

### **PRI Board Oversight**

The PRI Board oversees the constructive relationship between the Executive and Signatories as well as acting as a final point of escalation on matters related to the Executive's work to drive signatory implementation of the Principles, including ESG incorporation, active ownership, collaboration and reporting. The Board has oversight of the terms of reference for all advisory committees and working groups.

If a signatory has a significant concern with the operations of a signatory group the signatory can escalate the issue(s) to the head of the PRI Executive. If the matter cannot be resolved by the head of the PRI Executive the issue(s) will be escalated to the PRI Board.

## **E. ACTION PLAN AND TIMELINE**

An action plan with suggested time frames and milestones will be established at the first advisory committee meeting, and evaluated regular basis.

## **F. REPORTING REQUIREMENTS**

The PRI will report on the activities of the committee and engagement group on the PRI website and/or the Collaboration Platform every quarter, including the terms of reference and members, and updates on activities.

## **G. CODE OF CONDUCT, CONFIDENTIALITY AND PUBLIC COMMUNICATIONS PROTOCOL**

### **Conduct**

Signatories must refrain from using signatory forums for explicit commercial purposes and should focus on furthering the goals and objectives as defined above. Committee members should treat their colleagues and PRI staff with courtesy and respect. Failure to meet these requirements may also lead the signatory being removed from the committee.

### **Confidentiality**

The theme of the project, and membership of the committee will be available on the public website and / or the Collaboration Platform. Over the course of its work the advisory committee will discuss whether or not the following information will be made public:

- Progress of dialogue with specific target companies or progress of dialogue on an aggregated basis
- Names of investors involved
- Names of target companies

The PRI Executive may record advisory committee's calls for internal purposes (i.e. note taking). Recordings are not circulated externally, including to members of groups, as they are presumed to be confidential and sharing them could increase the risk that discussions inadvertently appear in the public domain. Where recordings of group discussions are taken, PRI staff will state at the start of the call that the call is being recorded for note-taking purposes. Call recordings will be deleted within 1 year. Where external experts present to groups on a particular topic, with their prior permission a webinar or audio recording may be taken and shared with investors as a resource.

### **Communication**

The Executive is empowered to speak on behalf of a PRI advisory committee, within the terms of any confidentiality agreement in place for the group. For more information on the voice of the PRI see the [PRI Communications Policy](#).

## **H. CONTACT**

If you are interested in understanding more about the committee, please contact:

[olivia.mooney@unpri.org](mailto:olivia.mooney@unpri.org)