

## PRINCIPLES FOR RESPONSIBLE INVESTMENT 2021 SIGNATORY GENERAL MEETING MINUTES

**23 SEPTEMBER 2021, 08:00 – 09:30 BST AND 17:00 – 18:30 BST**

### Online webcast

The PRI sought input from signatories on the Signatory General Meeting (SGM) draft agenda and invited signatories to contribute agenda items and resolutions to be put to a vote. No agenda items or resolutions were received. All signatories were sent the PRI's 2021 Annual Report<sup>1</sup> in advance of the meeting.

### In attendance:

- Fiona Reynolds, CEO, PRI
- Martin Skancke, Board Chair, PRI (meeting Chair)
- Sagarika Chatterjee, Director of Climate, PRI
- Paul Chandler, Director of Stewardship, PRI
- 580+ signatory representatives attended via online webcast

### Materials:

- [SGM presentation](#)

## WELCOME ADDRESS AND PRI BOARD REPORT

### MESSAGE FROM THE CHAIR

The PRI Chair, Martin Skancke, welcomed signatories attending via webcast and provided an overview of the agenda.

The PRI Board has worked on several issues this year. The PRI launched a new three-year strategy earlier this year. The board had extensive discussion on the strategy including the context the PRI operates in, comparative advantages and how the PRI can deliver most value for signatories. The board has discussed strategic risks, key initiatives, and strategic drivers on how the PRI plans to deliver the strategy. The board had constructive discussions with signatories and received feedback through the consultation. The overall impression from the feedback was that signatories welcomed the new strategy. There were some signatories who raised issues around the draft purpose statement and challenging whether this represented mission drift. The board committed to respond to this and

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<sup>1</sup> <https://www.unpri.org/annual-report-2021>

have a conversation with signatories on the mission and purpose of the PRI. The board has decided to postpone this conversation until next year to allow the new CEO to lead this important conversation.

The board has spent significant time on the oversight of the delivery of the previous three-year strategy. Over the past year, the board had deep discussions on how the PRI can support asset owner signatories in the best manner; Drive Meaningful Data; and a Sustainable Development Goals framework for investors.

One of the most challenging issues has been the reform of the Reporting and Assessment Framework. The board spent considerable time on this issue over the last few years, including oversight of the design principles for the new framework. The board is now reviewing the implementation plans for delivering the reporting in 2023. On behalf of the board, I would like to acknowledge that we underestimated the complexity of this project. The board apologises for not being able to deliver the quality that the PRI was hoping to deliver. The PRI will carefully review the feedback received from signatories including the different imperatives of asset owners and investment managers. The review being conducted is both on the technical platform and the content of the Reporting and Assessment Framework. The board will strengthen its oversight of this process and is currently in the process of forming an ad hoc board committee to support the board with more ongoing oversight. The PRI is also using an independent third party to verify different milestones in the project to ensure that it is able to deliver the Reporting and Assessment Framework that is fit for purpose in 2023. The PRI needs to make sure that it delivers a Reporting and Assessment Framework that provides value to our signatories while maintaining transparency and accountability.

This has been a challenging year for all of us with the continued effects of COVID-19. One of the issues that the board dealt with is the resilience of the organisation. The board has met digitally and more frequently over the past year. Previously there were three to four in-person meetings and now there are ten to twelve digital meetings. Looking back at the issues that came up over the last months, it's obvious that ESG issues and responsible investment has become even more topical and important. The PRI needs to look at the way that it delivers value to signatories. The PRI has shifted to delivering digital events and more digital interactions more broadly, including the SGM which can help us interact more with our signatories. The PRI will continue to deliver the SGM in digital format. Digital transformation is an important issue for the board, and it will look carefully at the digital strategy to assess how the PRI can enhance its capabilities to engage more and deliver value to our signatories.

Another important issue is the search for a new CEO. The PRI was sorry to receive Fiona's resignation, but the board understands that for family reasons Fiona wanted to return to her native Australia. The board is extremely grateful for all the work Fiona has done for the PRI. We thank Fiona for all the efforts and all the important work that has been done for the PRI. It is important to say, Fiona hasn't left yet and will remain at the PRI for several more months to ensure a smooth transition to the new CEO.

The board has started a broad search process, hired an external search firm, and formed a search committee made up of board members. The committee is now in the process of reviewing candidates and interviews will be held shortly. Our aim is to announce the new CEO in the next few months, with the new CEO starting in early 2022. The board is confident that they will find a qualified candidate to take forward the important work of the PRI.

## MANAGEMENT AND FINANCIAL REPORT

Fiona Reynolds, CEO, welcomed signatories to the second virtual SGM.

Fiona paid tribute to John Ruggie who has sadly passed away. John was the author of the UN Guiding Principles on Business and Human Rights, a social commentator, an academic and a force to be reckoned with. John was truly ahead of his time. I was fortunate to work with John on numerous occasions, most recently on the launch of our human rights program, where we co-authored some articles, he gave his time and input into the program and participated in some of the launch events. He was a good friend to the PRI, and we always valued his input. He will be missed, the world is a poorer place without John. My condolences to his family.

Fiona Reynolds, CEO, presented the management and financial report.

### Reporting and Assessment timeline

The pilot Reporting and Assessment Framework presented challenges and the process for some signatories has been far from seamless. Fiona apologised for the issues signatories have experienced during the 2021 pilot reporting period.

The PRI received feedback on the reporting pilot from more than 1,700 signatories. Issues with specific areas in the reporting system resulted in some signatories not being able to submit a complete dataset, affecting the 2021 data quality. To complete the feedback review process and fully address the identified issues, the PRI is now taking a staged approach to releasing the 2021 outputs and delaying the next reporting cycle until 2023. Delaying the next reporting cycle will allow the PRI time to incorporate signatory feedback on content, to reduce the burden of reporting including pre-filling of answers, and to significantly improve the user experience for 2023.

In October, signatory Transparency Reports will be released privately in the new data portal. The PRI will ask signatories to check their responses for gaps or errors, allowing four weeks for signatories to review and request changes to affected indicators. The PRI will then make the changes for signatories. Signatories will not have to re-enter any information in the online tool themselves.

The PRI intends to deliver the Public Transparency Reports and Assessments by June 2022, or earlier if possible. However, at this stage it is not known how many data gaps will require updating. While the PRI hopes this process will take less time, all signatories' data gaps must be addressed before launching the public reports and before providing signatories with their annual assessment.

The PRI has also designed new Transparency Reports and Assessments for this year. The assessment has been calibrated to make it harder to get the highest marks and the PRI need to ensure that it has sufficient time to work with signatories and engage on the new outputs. It's also important to note that new signatories who would have reported voluntarily in 2022 will have their grace period extended to 2023.

Fiona thanked signatories for their continued patience and understanding throughout the entire process.

### **Signatory growth**

Reporting is extremely important, but it's not the only interaction PRI has with signatories each year. Despite the ongoing global challenges of the COVID-19 pandemic, it was great to see that responsible investment has continued to gather momentum. The PRI is pleased to report that it has achieved 26% net signatory growth in 2020/21, welcoming 938 new signatories, including 101 asset owners – our largest ever annual growth in asset owners. This enabled the PRI to pass a significant milestone of 600 asset owner signatories. As of today, the PRI has over 4,000 total signatories, including more than 3,404 investors who together represent over \$121 trillion USD in assets under management.

Importantly, this growth is not just in numbers but also in the PRI's global representation. The PRI gains strength from diversity and the PRI is pleased that in 2020/21, three of our four fastest-growing regions by percentage were emerging markets, namely: Latin America, Central and Eastern Europe and the Commonwealth of Independent States and China. The PRI continues to see growth in largest regions, including North America and Europe. In the United States and Canada, the PRI has added 125 signatories, and in the UK & Ireland, the PRI welcomed 96 new signatories.

### **Enhance our global footprint**

The PRI continued to adapt its practices to ensure that even during these challenging times, the PRI is reaching out to people and its signatories virtually. PRI's signatory relationship managers conducted one-to-one meetings with nearly 1,700 signatories over the course of the year, and many signatories attended our digital forums with over 2,200 attendees. In addition, our 27 advisory committees and working groups provided 600 places for signatories to engage with us directly. The PRI would like to thank those who participated. Alongside these formal signatory groups, the PRI regularly engaged with signatories through various other channels, from webinars to workshops, through the collaboration platform, surveys, interviews, consultations and more.

### **PRI Digital Forums**

To continue convening and educating responsible investors despite the ongoing disruption caused by the pandemic, the PRI hosted three digital forums last year across Europe, the Middle East and Africa; Asia-Pacific; and the Americas. These events attracted a wide range of high-profile speakers and had over 2,200 attendees representing over 1,300 organisations in 73 countries.

While the PRI has successfully managed to engage its signatories virtually over the past year, we hope to see many of you in person soon. It is a pleasure to announce that PRI in Person 2022 is planned to take place next September in a hybrid format. Signatories will have the option to join online or to participate in person in beautiful Barcelona. Look out for further information on sponsorship opportunities and registration.

### **PRI Digital Conference**

This October, the PRI Digital Conference is set to be our largest event to date - bringing together investors, policymakers, and other sustainable finance stakeholders from around the world for an online exchange of views and ideas.

The conference will cover a diverse range of ESG issues from climate change and human rights to tax fairness, as well as the latest updates in responsible investment practice and policy and regulation.

### **Global staff**

As PRI's signatory numbers have grown, the PRI has also increased staff numbers to continue to be able to support the growing and diverse signatory base, and to build an agile and innovative organisation. In 2021/22 the PRI added 32 new employees outside its headquarters in the UK, including five new employees in France, four in China and Australia, and eight in the United States.

### **Adjusting to work during COVID-19**

The PRI's major focus in supporting staff this year has been on ensuring continued wellbeing during the pandemic. The PRI has adjusted working practices, policies, and guidelines in response to COVID-19 and implemented programmes and resources emphasising mental health and resilience. As with many other companies around the world, PRI's offices are now starting to re-open in line with government rules using a hybrid working model. The PRI will continue to provide flexible ways of working for our employees and the PRI looks forward to beginning to collaborate again in person.

### **In-house sustainability and 'Walking the Talk'**

An important part of our work at the PRI is talking to signatories and corporations about how to incorporate ESG practices into their business functions. While the PRI is a smaller organisation with a different operating model than many of its signatories, it is important that the PRI also integrate good governance, diversity and inclusion, and environmental considerations into its business practices and continue to update its programmes. Therefore, in March 2021 the PRI appointed Business in the Community to review its diversity, equity, and inclusion practices, and began work on a 'Walking the Talk' initiative to align its policies and processes with the priority ESG issues as per the current three-year strategy.

### **Financial statements**

As the PRI staff and signatory numbers have grown, finances have also increased in line with these in order to support the activities.

- Total income grew in the past year to £21.5 million. This is up from £18 million the prior year; and
- Total expenditure grew to £18.5 million. This is up from £16.1 million prior year.

Despite the challenges of the pandemic, the PRI remains in a strong financial position, able to support its staff and to continue to deliver for signatories.

There has been signatory inquiries regarding fees for next year. There will be no increase in fees for 2022/2023.

### Flagship programmes

As part of our strategy, the PRI is currently focussing on seven flagship programmes. Flagship programmes and projects are a key focus for us as they allow the PRI to engage signatories and undertake work that challenges existing thinking in the investment industry as well as to further the core work on investment practices and frameworks.

Paul Chandler, Director of Stewardship, and Sagarika Chatterjee, Director of Climate will provide more information on our stewardship and climate work respectively.

### Driving Meaningful Data

Driving Meaningful ESG data throughout markets is a key area of our 10-year Blueprint. To support this work, the PRI published a report on [Driving Meaningful Data](#) assessing the basis of an end-to-end sustainability reporting system and have proposed a framework that incorporates financial materiality and performance linked to making progress on sustainability outcomes. Globally and regionally, developments aimed at consistent and comparable ESG data are at an all-time high. The PRI continue to engage high-profile institutions, such as IFRS Foundation and International Organization of Securities Commissions (IOSCO), on establishing global sustainability reporting standards as well as working on regional initiatives in the US, EU, China, and the UK.

In August last year, the PRI announced a collaboration with the World Business Council for Sustainable Development (WBCSD) to drive corporate-investor action on sustainability. Since then, the PRI has convened CIOs and CFOs in regular dialogue to inform regulatory and standard setter efforts on corporate sustainability reporting.

### Sustainability Outcomes and SDGs: A legal framework for impact

Launched in January 2019 by the PRI, UNEP FI and The Generation Foundation, [A Legal Framework for Impact](#) aims to encourage a shift from asking only "what do ESG risks mean for investors' portfolios?", to a more expansive way of thinking that includes asking "what impact do investors' portfolios have on the real world?"

The landmark [2021 Freshfields report](#) which was published in July which represents a significant step forward in clarifying the role of investors in supporting a sustainable economy, providing a

comprehensive analysis of the extent to which current legal frameworks require or enable investors to pursue sustainability impact goals in their investments.

It will underpin the next steps in responsible investment. The report shows how investing for sustainability impact is potentially relevant for all investors and that investors will likely have an obligation to consider doing so where it can help in pursuing their financial objectives.

While the report shows where the law requires or permits investing for sustainability impact, it also offers options for policy reforms that will better enable investing for sustainability impact to reorient investors and, through them, markets and economies, towards net zero and inclusive sustainable economic growth.

The PRI together with UNEP FI and The Generation Foundation are launching a 3-year work programme to use the report's findings and options for policy reform in engagement with policymakers, lawyers, and investors. The work programme will explore and promote reforms, starting in Australia, Canada, the EU, Japan, and the UK, accelerating the shift to investing for sustainability impact to better align capital markets with key social and environmental goals.

### ESG in Fixed Income

PRI's [ESG in Credit Risk and Ratings Initiative](#) aims to enhance the transparent and systematic integration of ESG factors in credit risk analysis. Launched in 2016, the initiative initially fostered a dialogue between buy-side credit analysts and credit research analysts (CRA).

But over the past year, the PRI has extended the Investor-CRA dialogue to include debt issuers, ESG information providers and investment consultants through a series of events and other supporting materials. The PRI continues to drive ESG incorporation across the fixed income market in response to increasing investor interest and signatory demand with coverage of private debt, sovereign debt, sub-sovereign debt, and securitised products. This includes a suite of fixed income guides covering ESG integration, engagement and ESG vendors.

### Empowering asset owners

In addition to the PRI's work on climate action with asset owners through the UN-convened Net-Zero Asset Owner Alliance, the PRI had an increasing focus on developing tools and resources dedicated to asset owners. Responsible investment principles should be at the core of the relationship between asset owners and investment managers and incorporated into all stages of the investment manager relationship. The PRI has published three detailed guides to further assist our asset owner signatories with their responsible investment practices across *selection, appointment, and monitoring*. Each guide is accompanied by tools such as sample ESG scoring methodologies, disclosure questions and standard ESG clauses that can be inserted into legal documentation.

The PRI also published a [Selection, Appointment and Monitoring introductory guide](#), which forms part of a series to support early-stage signatories' incorporation of ESG issues. In the coming weeks the PRI will launch work on ESG considerations in mandate design to help asset owners close the gap



between internal responsible investment governance and their manager relationships. Finally, to strengthen this programme further the PRI recently hired a new Empower Asset Owners Director, who will help coordinate and lead efforts with asset owner signatories.

## Human Rights

Investors are increasingly expected to address human rights, driven not only by growing visibility and urgency around many human rights issues but also by a better understanding of investors' role in shaping real-world outcomes and their responsibility to do so. To help signatories meet this responsibility, the PRI published [Why and How Investors Should Act on Human Rights](#). This provides the foundation for a multi-year agenda to promote the understanding of human rights in investment processes and the broader financial system. The PRI will continue to support institutional investors with their implementation of the UN Guiding Principles through knowledge-sharing, examples, and other practical materials. The PRI will also increase human rights accountability amongst signatories and facilitate investor collaboration on the topic, promote human rights policy measures and drive meaningful human rights data allowing investors to manage risks to people. In 2021/22, the PRI is taking this work forward through a series of case studies as well as an exciting new stewardship initiative.

## Active Ownership 2.0

The PRI is taking active ownership work forward on several fronts, including our new [Making Voting Count](#) paper and through our new stewardship initiative on social issues and human rights, which will aim to maximise investors' collective contribution to the goal of global respect for human rights.

## Climate action

COP26 is fast approaching, the most important climate summit since the Paris Agreement. The top priority ESG issue for the PRI signatories continues to be climate change. To support investors taking ambitious climate action, the PRI participates in and engages with a number of major initiatives.

These include but are not limited to:

- The UN-convened Net-Zero Asset Owner Alliance;
- Climate Action 100+;
- The Inevitable Policy Response;
- The Net Zero Asset Managers Initiative; and
- The Investor Agenda.

It is important that the PRI continues to collaborate with other groups and pushes for stronger action globally.

## Policy: challenging barriers to a sustainable financial system

Beyond the flagship programmes, the PRI continues to engage with policymakers worldwide, with a focus on the European Union, China, Japan, the US, the UK, Australia, and Canada. This work included engaging with G7 and G20 host governments on aligning financial policy with sustainability, updating our regulation database to cover 650 sustainable finance policies globally, and publishing a policy toolkit with the World Bank on how policy makers can contribute to a sustainable financial



system. Over the past year, the PRI prepared 18 briefings and submitted 52 consultation responses. These focused on several areas, including:

- The EU Sustainable Finance Taxonomy;
- The SEC request for comment on climate change disclosures;
- The UK's request for comment on mandatory climate disclosures for publicly quoted companies and LLPs; and
- Delivering net zero emissions and carbon neutrality in Japan and China.

### **Providing tools and guidance for signatories**

Feedback from signatories consistently shows that signatories value practical evidence, tools and guidance, and examples of good practice across all asset classes. In the PRI's most recent survey, 70% of signatories rated this as one of the top four PRI initiatives that provide the most value. The PRI puts a significant effort in this area. The PRI develops thought leadership which aims to challenge current thinking, where is the market now and where should it be going. The PRI follows this with practical guidance and case studies, developed with signatories. The PRI also shares practice and raises awareness. This last step is particularly important given PRI's expanding signatory base with a range of responsible investment experience.

The PRI's growing series of introductory guides are just one example of how it shares good practices with newer signatories. These provide an accessible introduction to the main approaches to responsible investment. The PRI produced ten publications on topics such as climate change for asset owners, screening, private equity, and stewardship, and is continuing to add more. All this work covers specific guidance for asset owners, as well as covering major asset classes including fixed income, listed equity, and private markets - including alternatives, hedge funds, real assets, and private equity. Over the coming year, the PRI will continue to refine our offering with input from signatories.

As the PRI continues to invigorate listed equity programme, it is a pleasure to announce that PRI hired a new Senior Lead, in Listed Equities who will work across the organisation to further our work on ESG integration in this important asset class.

### **The 2021 PRI Awards shortlist**

Both accountability and leadership are focus areas for us in our current strategy. To help celebrate leadership, the PRI has announced the shortlisted entries for the 2021 PRI Awards on our website. Congratulations to all the shortlisted projects and the awards presentation will be held at the PRI Digital Conference next month.

Fiona thanked signatories for listening to the overview of the PRI's key 2021-22 work programmes and operations. This of course is my final SGM as CEO of the PRI, as I finish my role in the new year. I will have more to say before I go, but for now, I would just like to thank you all for your continued support for the PRI. The PRI is a true collaboration of many individuals, organisations, and partners across the globe. I know its best years are still ahead of it.

Fiona handed over to Sagarika Chatterjee, Director of Climate to cover PRI's climate work in more detail. It is the final lead up to COP 26 and the PRI and many of our signatories are actively involved in ensuring its success.

### Spotlight one: Climate

Sagarika Chatterjee, Director of Climate, provided an update on the PRI's climate programme.

We are not on track, and we are aiming for 1.5 degrees and below 2 degrees according to the Paris agreement which 191 countries signed up to. The latest report from IPCC has been described by the UN Secretary-General as 'code red for humanity'. One of the UN agencies looked at 191 commitments from the government and expressed material concerns that we are heading towards 2.7 degrees by end of the century.

The PRI aims to support net zero by 2050 consistent with 1.5 degrees. The work with PRI signatories particularly focusses on three areas:

1. the Inevitable Policy Response;
2. COP 26; and
3. Net Zero Leadership.

[The Inevitable Policy Response](#) focuses on the governmental policy responses to climate change. The PRI has worked with academics and energy transition advisors to understand the implications of this transition risk. The PRI is delighted to provide you with a range of resources on the Inevitable Policy Response. The PRI undertook 130 one-to-ones with signatories who are incorporating the Inevitable Policy Response. The PRI will publish the realistic policy scenario later this year to assess which policies are needed to close the gap.

The aim of the COP 26 is to keep 1.5 degrees within reach and encourage governments to come with ambitious commitments and actions. COP 26 also needs to raise the commitment of public finance for developing countries. The PRI had a strong focus on urging governments to step up for COP 26. To help PRI signatories, the PRI has published five specific country briefings and engaged with policymakers. The PRI has been able to make finance a key theme for COP 26. The PRI is delighted to be part of the UN race to zero campaign, and it has convened net zero leadership groups. With the Glasgow financial alliance, the PRI will send a strong message of our commitment towards net zero by 2050. Looking forward, the PRI will step up climate policy advocacy with signatories.

The UN-convened Net-Zero Asset Owner Alliance is a group of 46 asset owners that work together to align their portfolios with net zero by 2050 and made a commitment to setting a 5-year target starting in 2025. The UN Secretary-general described this as the gold standard.

The PRI hopes that signatories have found the climate work useful, and signatories are excited about what the PRI have coming up over the next year.

## Spotlight two: Stewardship

Paul Chandler, Director of Stewardship, provided an update on the PRI's stewardship programme and active ownership 2.0.

[Active Ownership 2.0](#) is a framework for more effective stewardship that can shape sustainability outcomes. In the 2019 paper the PRI highlighted the importance of focusing on the right issues and being more effective at achieving progress on these issues. The framework has three components: focus on achieving real world outcomes; prioritise common goals; and the importance of collaboration.

Active ownership 2.0 builds on existing stewardship efforts. Investors should continue to address risks to individual assets in their portfolios using stewardship. The PRI defines stewardship relatively broadly, as the use of influence by investors. In the last few years, there has been a significant growth in investor support for ESG related shareholder resolution and the PRI strongly welcomes this development. While progress is evident, some signatories sought guidance from PRI, which is provided in the [Making Voting Count paper](#). It is not the PRI's role to advise any signatory on how to vote. Hence, in the paper instead it strongly encouraged investors to develop, apply and publicly disclose high level principles to govern their voting decisions. The paper is available on our [website](#), and it also encouraged investors to hold themselves to their principles.

The PRI continues to work with signatories, in particular with the stewardship advisory committee to support improvement in investor practice in three areas: case studies; further guidance; and new PRI-led collaboration opportunities.

Climate 100+ has drawn significant and justified attention whilst social issues and human rights are also important. Investors both have obligation and interest to protect and strengthen social safeguards to enable our economy and people to flourish. The collaborative initiative on social issues and human rights has been designed to be a platform that has broad range of topics. It will be built around three themes: full implementation of the UN Guiding Principles; responsible political engagement; and further company-specific expectations on human rights issues.

The aim of the social issues and human rights initiative is to maximise investors' collective contribution to the goal of global respect for human rights. Within the platform, the PRI will support investors with a range of activities. More details of this initiative will be released in November.

## SIGNATORY VOTING AND PRI BOARD DIRECTOR ELECTIONS

Martin Skancke, Chair provided an overview of the current PRI Board and elections.

The 2021 PRI Board election is for four asset owner and one investment manager representative positions. Ten candidates are competing for four open asset owner positions and ten candidates

competing for one open investment manager position. Signatories will be asked to vote for candidates from 30 September to 26 November<sup>2</sup>.

#### Asset owner candidates:

- Scott Connolly, Trustee Director, Telstra Super
- Peter Coveliers, Head of Group Corporate Programmes and Institutional Business Development, European Investment Fund
- Massimo di Tria, Chief Investment Officer, Società Cattolica di Assicurazione S.p.A.
- Sharon Hendricks, Vice-chair, CalSTRS Board
- Alex Hindson, Chief Risk and Sustainability Officer, Argo Group International Holdings Limited
- Denísio Liberato, Equity Director, PREVI
- Kamal Mitha, Head of Investments, Sasria
- Wilhelm Mohn, Global Co-Head of Corporate Governance, Norwegian Government Pension Fund Global (Norwegian Ministry of Finance and Norges Bank Investment Management)
- Juan Camilo Osorio, Chairman of the Board, Afore Sura
- Laetitia Tankwe, Advisor to Ircantec President, Ircantec

#### Investment manager candidates:

- Wendy Cromwell, Head of Sustainable Investment, Wellington Management Company, LLP
- Alan Feld, Founder and Managing Partner, Vintage Investment Partners
- Karina Funk, Portfolio Manager and Chair of Sustainable Investing, Brown Advisory
- Maribel Monterrubio, CEO, Vitalis
- Melchior de Muralt, Managing Partner, De Pury Pictet Turrettini & Cie
- Papa Madiaw Ndiaye, CEO, AFIG Funds
- Tatjana Puhan, Deputy CIO, TOBAM
- Alison Schneider, Vice-President, Responsible Investment, Alberta Investment Management Corporation – AIMCo
- Helmut Schuehsler, CEO and Chairman, TVM Capital Healthcare Partners
- Hanneke Smits, Chief Executive Officer, Bank of New York Mellon Investment Management

The PRI is a membership-based organisation, and it needs to have signatory engagement in the elections. The board is gratified that there are high number of qualified candidates for this election, which shows strong interest among our signatories to participate in the PRI governance.

*Signatories approve the minutes via an online vote alongside the PRI Board election vote.*

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<sup>2</sup> <https://www.unpri.org/pri/governance/2021-pri-board-annual-elections>

## SIGNATORY Q&A

### **Will the PRI reconsider its current classification of signatories as investment managers and asset owners to better reflect its membership base?**

The issue of signatory categorisation is complicated, and the PRI recognises that the whole investment landscape is shifting. The board has a signatory status committee that considers categorisation issues and the rules the PRI applies. The committee is now considering the case of pooled investment vehicles and whether they should be classified as asset owners.

### **What is the rationale for having fewer seats on the board for investment managers than asset owners? What are the PRI's plans to change this composition?**

The PRI originally started as an asset owner led organisation. The asset owner dominance was retained during the 2015 governance reform. This is an ongoing discussion at the board and the board needs to make sure that it is fit for purpose. The governance arrangements should be seen as representative and fair by the signatory base. The PRI has other key priorities, for example, Reporting and Assessment Framework and the CEO search. The PRI is not in a position to focus on large scale governance arrangements at this time.

### **Is there service provider representation on the board?**

The PRI has a service provider representative on the board along with asset owner and investment manager representatives.

### **Does the PRI have plans to have representatives from the retail community?**

Some of the fund managers the PRI has as investment manager signatories have retail arms. The PRI doesn't have retail banking institutions as signatories. There is a parallel initiative, the Principles for Responsible Banking under UNEP FI, and the PRI work very closely with this initiative. It is not productive to have an overlap of signatories. Retail banking is outside the scope of what the PRI was set up for and there are other initiatives better suited for that purpose.

### **What is signatory eligibility to vote in the board elections if they have not been able to undergo reporting?**

The voting is linked to signatory membership and not linked with whether the signatory has reported or not.

### **In light of the deferral of the 2022 reporting year, is PRI considering waiving or reducing signatory fees?**

The PRI understands why this question was raised and we are sorry about the position regarding reporting for the next year. The PRI will not increase fees in nominal terms for the next year. The board will carefully consider a possible reduction in fees in the first quarter of 2021 and communicate with signatories during the start of the financial year 2022. It is, however, unlikely that we will propose a reduction in fees. The PRI is a not-for-profit signatory-based organisation and not a service provider. A reduction in fees would mean that the PRI would have to cut back on the value provided to signatories.

### **What are the options for voluntary reporting for new signatories since there is no reporting in 2022?**

Normally signatories conduct practice reporting and use the current reporting system. However, because there are changes to the tool, the PRI won't be able to open it in 2022. The PRI will provide support to signatories to help prepare for reporting.

### **Are there changes to the minimum requirements for investor membership?**

The minimum requirements will change, and the intention has always been to lift the minimum requirements over time which is in line with our current strategy. Because of the issues with the reporting, there will be a slight delay however, the changes will occur over the next two-year period. There will be good notice of changes to minimum requirements. It is important to continue to review and lift the minimum requirements.

### **Is there a possibility for the reporting review period to be more than four weeks?**

The PRI will require the vast majority of reports to be reviewed in the four-week period because the PRI cannot go to the next stage until this is complete. If there are individual circumstances, the PRI will review them.

### **Is PRI considering reducing the number of questions in the Reporting and Assessment Framework in light of more mandatory reporting is being introduced in Europe?**

When the PRI decided to postpone reporting until 2023, the intention was not just to assess the technical platform which had some weaknesses, but also to look at the content. The PRI stressed that the reporting this year was a pilot and there would be opportunities to learn from it. The PRI has received feedback from 1,700 signatories on the reporting pilot which will be carefully reviewed. Some of the feedback was also around the sheer volume of reporting. More mandatory reporting is being introduced in Europe. On the other hand, many of our signatories are not subject to those reporting requirements so the PRI needs to strike a balance. The PRI will review the content of the reporting framework for 2022 and 2023 and will involve signatories in this work. The PRI is a global organisation, and it doesn't want to overburden signatories with reporting. The PRI also receives many questions around the possibility of aligning reporting with specific codes in a signatory country. Although it makes sense for the particular signatory in that country, on a global scale is not feasible for all countries.

### **What are the KPI's used by PRI to identify whether real world outcomes are achieved?**

The [PRI Strategy](#) is published on the website and this includes the strategic measures that the PRI tracks. The PRI aims to use the Reporting and Assessment Framework as much as possible to understand how the signatory base is progressing.

### **Have you considered increasing the organisation's commitment to responsible investment before becoming a signatory since there is a delay to reporting?**

There is not a lite version of reporting, however, the PRI is considering a better due diligence system before an organisation becomes a signatory, for example a red flag system. The PRI is getting complaints about signatories from civil society groups and other stakeholders, and the PRI is looking to strengthen in this area.

**What is the timeline and communication for the reports to be available on the new platform?**

Private Transparency Reports will be released in October and signatories will be notified when it becomes available.

**Can you give an update on the work of Principles for Responsible Banking (PRB) and PRI frameworks and reporting?**

The Principles for Responsible Banking (PRB) is organised under UNEP FI and the PRI works closely with them. There can be some overlap but there are relatively few organisations that are signatories to both frameworks. Alignment can be difficult since the reporting frameworks are different in many ways. The PRI will seek to address the alignment of reporting when reviewing the Reporting and Assessment Framework.

**Does PRI feel that there are too many sustainability related bodies/initiatives?**

There are many sustainability groups there have been established for a long time and many more are emerging. It is a growing space, and many people are interested in it. It can be confusing for people, but these groups exist for a reason such as to cover a particular region looking at a particular aspect of responsible investment. Some of the groups sit under the PRI. The PRI is involved in initiatives with other groups, for example, Climate Action 100+; Asset Owner Alliance; and Investment Manager group.

**Are there plans for initiatives of more esoteric investment strategies such as structure credit alternatives etc...?**

The PRI is always expanding the scope of different investment strategies and assets it covers through our investment practices. More guidance will be published on our website.

**What is the board's weighting for the CEO search towards an individual to steward PRI's current work, vs. an individual bringing innovation and new dimensions? What market forces e.g., greenwashing this individual needs to address?**

The PRI Board has devoted significant time to the CEO search process and has had several discussions on desired profile of a new CEO. We recognise that all candidates will have different skills and profiles, and that there is no simple formula to find the "perfect" candidate. We are, however, confident we will find an excellent new CEO. The new CEO will have to build the team around them and ensure the leadership team is able to take the PRI forward. The PRI encourages accountability and therefore introduced the minimum requirements to tackle greenwashing.

**Are there mock exam offerings for PRI Academy courses?**

We do not provide mock exams, but the PRI will look into providing them.