

Assurance Working Group Terms of Reference

A. Introduction

Third party audit is a legal requirement to ensure the credibility of financial reporting, and assurance is increasingly promoted by advocates of non-financial reporting to encourage investment grade ESG data. With the release of PRI's [differentiation and accountability consultation](#), the PRI Board's subsequent [high-level response](#) to the consultation findings, and the recommendations brought forward by the independent report [From Principles to Performance](#), discussions of assurance requirements have been a resounding theme throughout.

Assurance has been increasingly proposed as valuable to a number of inter-linked, high-priority areas to the PRI:

- Advancing accountability and transparency;
- Ensuring the credibility of PRI Reporting Framework responses;
- Differentiating leaders from laggards, and;
- Building greater stakeholder confidence.

In June 2016, PRI published [PRI Signatories and Assurance](#), mapping the various assurance and confidence building measures taken by signatories in the 2014/15 reporting cycle. A number of technical difficulties with assuring ESG data were identified, with a major impediment being the lack of clarity as to what constitutes assurance within the context of ESG reporting. The report identified a range of undertaken assurance actions, however not all directly related to building confidence in the data reported to PRI. The term 'assurance' was furthermore applied across a broad range of measures.

The Assurance Working Group will use its technical assurance expertise and experience to proceed from the recommendations, research and publications already issued by the PRI on assurance. The group will form a central part in continuing PRI's work on exploring how assurance requirements can contribute to the above listed points.

The Assurance Working Group will ultimately work to issue a paper or a set of recommendations that identify assurance options for the Reporting Framework. This publication will be consulted on by signatories before the Board issues their recommendation and the final outcomes be implemented for the 2018 reporting cycle.

[Background reasons for establishing working group]

B. Objectives

The Assurance Working Group will:

1. Advise the PRI on possible options to make the PRI Reporting Framework indicators (or subset of) and definitions more suitable for assurance. This will have the added benefit of increasing precision of some metrics.

2. Advise on how the PRI may proceed with introducing assurance requirements and/or other confidence building measures for its signatories. This will have the added benefit of contributing to other PRI projects such as determining delisting and leadership requirements, and can work as a baseline determinant. Within this objective, the working group shall:
 - 2.1 Consider the various types of assurance engagements and/or confidence building measures that could be applicable to and/or relevant for the PRI Reporting Framework;
 - 2.2 Take into account contextual factors such as the size of the signatory, geographical varieties in assurance practices, the signatory type (asset owner or investment manager) and/or any other contextual factors that may be of importance;
 - 2.3 Focus on indicators also used for assessment reports
 - 2.4 Advise on the possible party or parties that could perform the assurance engagement and/or confidence building measure;
 - 2.5 Consider any other opportunities, challenges and risks with introducing assurance requirements and/or other confidence building measures to the PRI signatories.
3. Advise on, and assist in issuing a paper or a set of recommendations that address objectives 1-2 stated in this document.

C. Proposed members

- A PRI signatory as Chair
- Representatives of PRI signatory organisations as well as other stakeholder organisations such as assurance providers and industry bodies

D. Responsibilities

Working group members

Working group members are expected to act in an advisory role to the PRI Executive. Their main job is to commit time and resources to producing the agreed output of the working group. Members also agree to commit sufficient time to promoting and overseeing the working group.

Typical responsibilities may include, but are not limited to:

- Conference calls/meetings as and when needed;
- Regular guidance/feedback to the Executive on relevant issues. This may include providing advice/feedback on outputs such as publications and toolkits;
- Support with compiling drafts of required work including integrating all working group feedback.

All members are welcome to undertake additional work, if their schedules enable them to do so.

The PRI Executive will coordinate meetings, provide suggested agendas, and produce meeting minutes.

The group focus will be technical and members will include assurance providers as well as

interested signatories, and other stakeholders. The selection criteria will be based on acquiring a significant number of group members with assurance expertise and/or experience, to sufficiently support the relatively technical objectives of the working group. All of these will not necessarily be members of PRI signatory organisations. The selection process will also favour the inclusion of other interested signatories such as asset owners and investment managers, as well as other stakeholders.

[Background reasons for the advisory committee composition, selection criteria, terms etc.]

Working group chair

The working group chair commits to:

- Designate enough time to fulfil working group goals;
- Provide the Executive and working group with leadership and guidance as needed; and
- Report progress of the working group to the Reporting and Assessment Advisory Committee regularly.

PRI Executive

The PRI Executive commits to:

- Providing expertise from either internal or external sources, convening, facilitating and co-creating with signatories.
- Work with the group by coordinating meetings, providing agendas, producing meeting minutes, outcomes, publications etc.

E. Action plan and timeline

The expected duration if this group is 2 years, with a review after year 1. An action plan with suggested time frames and milestones will be established at the first meeting of the year, and reviewed at the last meeting.

F. Suggested action plan and timeline

Action items	Date
1. Review and approve work plan	February 2017
2. Assist with gathering relevant research on applicable assurance activities to responsible investment processes and	March 2017

impact		
3. Review PRI data showing assurance and verification activities of signatories	April 2017	
4. Contribute recommendations on: <ul style="list-style-type: none"> • The applicability of assurance practices to the Reporting Framework and PRI signatories • The timeframe or scalability i.e. a phased in approach • Proposals for signatory education around assurance and the Reporting Framework 	April – July 2017 July-August 2017 August 2017	
5. Deliver paper or set of recommendations on assurance	September 2017	

G. Reporting requirements

The group will report regularly to the Reporting and Assessment Advisory Committee. Summarised outcomes of meetings will be published by PRI.

H. Code of conduct, confidentiality and public communications protocol

Participants will refrain from allowing their the interests of their organisation to influence the Working Group and its outcomes. Participants may disclose that they are participating in a working group to support PRI, but the contents of the discussions must remain confidential until published by PRI, following Board review.

I. Contact

If you are interested in understanding more about the Assurance working group, please contact the PRI Reporting & Assessment Team at reporting@unpri.org, or call +44 (0) 2037143187.

Appendix 2: Non-Disclosure Undertaking

I _____ of

hereby undertake as follows

- 1) Recognising that certain information made available to advisory committee / working group members, may be unpublished and / or subject to restriction, [(signatory) organisation] shall keep as confidential all information disclosed to us by PRI Association (“the Principal”) relating to the XX work stream / working group, without the permission of the Principal.
- 2) The undertakings under Clause 1 shall not apply to:
 - (i) any information which [signatory organisation] is able to reasonably establish as previously known to it; or
 - (ii) any information provided to [signatory organisation] by a third party who has the right to make such information available; or
 - (iii) any information which may become public knowledge other than through breach of any undertaking contained herein.
- 3) The confidentiality obligation will survive until such time as [signatory organisation] may receive formal notice from the Principal, or its authorised agent thereof, of a release therefrom.

Signed: _____

Name: _____

Date: _____