

PRI BOARD MEETING REPORT

The PRI Board had a meeting on 7 & 8 March 2019, in London, UK.

ATTENDANCE

The meeting was attended by the following PRI Board members and PRI Executive staff.

Board members present: Wendy Cromwell (Wellington Management) Angela Emslie (HESTA) Eva Halvarsson (AP2) Lise Kingo (UNGC) Hiro Mizuno (GPIF) Renosi Mokate (GEPF) Martin Skancke (Chair) Tycho Sneyers (LGT Capital Partners) Laetitia Tankwe (Ircantec) Eric Usher (UNEP FI) Xander den Uyl (ABP) Peter Webster (Vigeo Eiris)	PRI Executive in attendance: Fiona Reynolds Christopher Sperling
Apologies: Lise Kingo (UNGC)	

WELCOME FROM THE CHAIR

The chair congratulated the two newly elected directors, Wendy Cromwell and Laetitia Tankwe, and welcomed the re-elected directors, Angela Emslie and Xander den Uyl.

DECLARATION OF INTERESTS

Vigeo Eiris is a service provider for Ircantec.

MINUTES

The Board approved the minutes from the 7 December 2018 meeting.

MATTERS ARISING

The board asked for a future update on the PRI's digital, communications and IT plans. The board also asked for routine discussions of regional plans to be incorporated into the board agenda.

SIGNATORY AND STAKEHOLDER INTERACTION

The board discussed signatory relations in several markets: Canada (including Quebec specifically), France and the Netherlands. Xander den Uyl also provided an update on the PRI's positive working relationship with the Committee for Workers Capital.

CHAIR REPORT

The Chair reported to the board on activities since the December 2018 Board meeting, mainly preparation for the March board meeting. Also, the chair reported on activities planned from March to June 2019: outreach to existing and potential US signatories; participation on the Task Force on Climate-related Financial Disclosures (TCFD); leading a Reporting Framework review consultation session for signatories in Norway; and preparation for the June 2019 board meeting.

MANAGEMENT REPORT

Fiona Reynolds, CEO, presented the management report.

Included in management report are routine reports and exceptional items. The routine reports are updates on human resources, partnerships, management accounts, signatory relationship management and key business initiatives. Exceptional items included an updates on service provider reporting.

The board discussed:

- the imminent PRI Reporting Framework review consultation;
- the collaboration between the PRI and UNEP FI on investor initiatives;
- ongoing conversations with investors and the International Council on Mining and Metals on the appropriate response(s) to the recent Vale disaster, including developing standards for tailings;
- future possible plans for Service Provider assessment; and
- the TCFD focused side-event at the forthcoming G20 meeting in Japan.

The board welcomed the announcement that the EU Parliament and Council had achieved political agreement on requiring ESG integration by financial market participants. This had been a PRI policy priority. In scope are private and occupational pension funds, insurance funds, portfolio management and investment advisors.

COMMITTEE REPORTS

The Board received updates from the chairs of the respective committees.

Finance, Audit and Risk committee (Peter Webster)

The committee reported to the Board on its discussions:

- 2018/19 budget;
- Compliance oversight;
- Grants pipeline; and
- Operational risks.

Governance committee (Angela Emslie)

The committee reported to the Board on its discussions:

- PRI Board mid-term and annual elections; and
- Committee work programme.

Human resources and remuneration committee (Renosi Mokate)

The committee reported to the Board on its discussions:

- Annual Human Resources review;
- CEO and Chair annual assessment processes;
- Family leave policy; and
- Updates on possible 'Brexit' implications and staff turnover.

Policy committee (Xander den Uyl)

The committee reported to the Board on its discussions:

- The 'Drive Meaningful data' discussion paper for the Board; and
- Policy update.

Signatory status committee (Tycho Sneyers)

The committee reported to the Board on its discussions:

- Signatory categorisation; and
- Serious violations of the Principles policy.

2019 PRI BOARD ELECTIONS

Angela Emslie, chair of the Governance committee, introduced the agenda item.

The board has encouraged, for the mid-term election, candidates: from US asset owner signatories; with a broad understanding of the role of asset owners in the investment chain in the US market; with leadership and governance experience, and with demonstrated leadership in responsible investment. Representatives from two US asset owners nominated: Sharon Hendricks, Vice-Chair of the Board, CalSTRS; and Kathryn Murtagh, Chief Compliance Officer and Managing Director, Sustainable Investing, Harvard University Endowment.

The board also discussed the annual elections, due for later in the year. The board noted that recent elections have been competitive, adding to the legitimacy of the candidates and also indicating a strong interest in the PRI Board. To date the PRI has been successful in attracting high quality candidates, creating a board with gender equality and geographic diversity, without resorting to quotas. The board agreed to maintain the light touch guidance and only resort to restricting eligibility when there is an issue to be resolved.

The Board approved the two candidates and the guidance on the role of the Executive during the elections process.

ANNUAL HUMAN RESOURCES REVIEW

Lian Hillier, Chief People Officer, joined the meeting to present the annual human resources review including:

- A reminder of the 2018 staff engagement survey;
- An overview of the organisational effectiveness review phase one (new management structure; draft plan for evolving regions / countries as the signatory base grows; business planning process; map to improve the 'signatory journey') and phase two (realigning human resources practices and internal governance); and
- A current status update and plans for the next year.

The board welcomed the tremendous amount of work undertaken over the past year, especially the new management structure, the matrix structure, the shift from a performance to development framework, and career pathways through the organisation. The board raised questions on several elements of the future plans: internship and secondment programmes; gender equality; the mental health education programme; and remuneration in different geographies.

2019/20 BUDGET

Mark Blair, Chief Financial Officer, joined the meeting to present the 2019/20 budget. The next financial year provides for:

- the organisation restructure approved in late 2018;
- the consolidation and reorganisation of responsible investment / ESG expertise teams to strengthen PRI capabilities;
- further development of digital capacity and on-line platforms to better communicate and engage;
- strengthening of capacity and expertise in key regional markets;
- a continuing investment in education and the PRI Academy;
- investing in IT, HR and Finance to cope with the PRI's growing complexity and size;
- an improvement in the company pension scheme, which also reflects auto-enrolment legislation.

The board discussed currency hedging, the inflationary fee rise, and scenario testing for a fall in AUM or signatory loss. The board asked the Executive to draft principles for PRI budgets and in the longer term that the next three-year strategy is developed with a corresponding three-year budget.

The board approved the 2019/20 budget.

DRIVE MEANINGFUL DATA THROUGHOUT MARKETS

Nathan Fabian, Chief Responsible Investment Officer, and Kris Douma, Director of Strategic Projects, joined the meeting to provide an update on the three proposed programmes of work within *Blueprint Priority 7: Drive Meaningful Data Throughout Markets*:

1. 'Define objectives and a set of reporting principles for 'meaningful data'.
2. Work towards a framework for global, standardised and comparable (and integrated) corporate ESG / sustainability reporting.
3. Work towards standardised investment manager reporting to asset owners on responsible investment.

The board provided feedback on the three programmes. The board reiterated the importance of this priority to drive meaningful data throughout the markets, and agreed to the general incremental approach with the PRI not acting as a standard setter, but contributing with expertise and convening power. All three programmes are linked, with different levels of PRI control, and should ideally progress in parallel.

SUPPORTING INVESTORS INCORPORATING ESG ISSUES

The Executive presented to the board on four ESG issues:

- *Water*, Gemma James (Head of Environmental Issues)
- *Just Transition*, Bettina Reinboth (Head of Social Issues)
- *Sustainable land use*, Danielle Carreira (Senior Manager Environmental Issues)
- *Corporate tax transparency*, Vaishnavi Ravishankar (Research manager)

The board welcomed the informative presentations. The aim going forward is to deepen expertise on ESG issues within the Executive and to increase signatory participation, by providing issue based insights across all the PRI's work. The matrix structure should help to increase impact and also provide a more holistic view across all the ESG issues.

CLIMATE ACTION

Nathan Fabian, Chief Responsible Investment Officer, and Sagarika Chatterjee, Director of Climate, joined the meeting to present the update to the board on *Blueprint Priority 8: Climate Action*. The PRI has a key role in furthering investor understanding of climate risk and supporting investor contribution to limiting climate change to 1.5 degree scenario. The programme of work uses several levers of change: investment practices, policy change and active engagement.

The 3-year strategic objectives for championing climate action are:

- Educate investors on portfolio transition to a low-carbon economy;
- Encourage supply of green investment opportunities;
- Launch the 2020 action agenda;
- Advance tools that incorporate deep insights on climate-related investment practices;
- Work with global bodies to advance climate change policies and regulation; and
- Increase climate reporting by supporting the TCFD guidelines.

The board welcomed the review of *Blueprint Priority 8: Climate Action* and agreed that the Executive was focused on the right objectives, with a broad set of initiatives and the appropriate measures. The Executive could consider: further work on low carbon opportunities; how best to communicate with signatories about the broad spectrum of work being undertaken by the PRI; communicating at the right level(s) of signatory organisations to ensure that they receive the relevant information to act; and setting clear expectations of what the PRI wants to achieve with signatories.

SIGNATORY SIGN-UP GUIDELINES

Lorenzo Saa, Chief Signatory Relations Officer, presented the proposed signatory sign-up principles and rules on the categorisation of groups and treasuries. The key sign-up principles include:

investment chain priority; membership clarity; breadth of the adoption of the Principles; simplicity of process; and relevance.

The Executive proposed the next steps, including the communications strategy. The board agreed that it is important to be even-handed and transparent. The rules will not apply retrospectively, but the Executive will engage with current signatories that could be affected by the revised sign-up guidelines. The Executive will draft high-level public sign-up guidelines as well as develop further the database of precedents.

The board approved the signatory sign-up proposals and next steps.

PRI IN PERSON

Claire Dickinson, Director of Events, and Graeme Griffiths, Chief Operating Officer joined the meeting to present the plans for PRI in Person 2019 in Paris.

The board gave feedback, on the event format and proposed agenda, including: introducing guidance on pathways for different types of participant; reflecting on the wider context of the conference; the desire to incorporate more investor – corporate dialogue; highlighting the significant rise in responsible investment aligned regulation over the past year; the cross-over between the academic conference and PRI in Person; and the aims and presentation of the Leadership awards.

CEO REVIEW

Renosi Mokate, HR and Remuneration committee chair, led the board discussion. The board agreed to the CEO priorities for 2019/20.

CHAIR REVIEW

Renosi Mokate, HR and Remuneration committee chair, led the board discussion. The board agreed to four chair priorities:

- Sustainable Development Goals
- Drive Meaningful data
- Climate action
- Leadership of the board

The board approved the chair contract.

FUTURE MEETINGS

The Board will meet next in person on 26 & 27 June 2019. Planned discussion points include:

- Sustainable Development Goals strategy
- Reporting Framework review
- 2018/19 annual review
- Signatory relations update
- 2021-23 Chair term

- 2019 elections and eligibility rules
- Human resources: organisational pay review and Anti-bribery policy
- Procurement policy