

TERMS OF REFERENCE – STEWARDSHIP

RESOURCING TECHNICAL WORKING GROUP

A. INTRODUCTION

Active ownership, or stewardship, is a critical tool through which PRI and its signatories work towards the achievement of the PRI Mission – i.e. the creation of a sustainable financial system that takes into account society and the environment as a whole. The PRI defines stewardship as the use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend. Stewardship is recognised in [Principle 2 and 3](#) as well as in the [PRI 10 Year Blueprint](#).

The PRI's Stewardship programme within the PRI Executive is responsible for:

- Setting expectations of PRI signatories' active ownership practices and supporting signatories to align their activities with those expectations (including [Active Ownership 2.0](#)).
- Facilitation of the PRI's coordinated collaborative stewardship initiatives.
- Leading and/or contributing to projects which address system or regulatory barriers or perceived barriers to effective stewardship.

One perceived limitation to investors effectively deploying their influence as active owners to deliver long-term value is the limited resources that the investment industry currently dedicates to stewardship. As part of its "Resourcing for Stewardship" project, the PRI has commissioned the [Thinking Ahead Institute](#) (TAI) to research and assess the appropriate level of resources that institutional investors should be prepared to dedicate to stewardship activities, in order to address systemic sustainability issues that have the ability to impact on overall returns and portfolio value.

The Stewardship Resourcing Technical Working group is created to understand existing stewardship resourcing practices, inform project activities and socialise its findings. This working group will be jointly facilitated by PRI and TAI, with PRI as its Chair and TAI as Lead consultant and Co-chair. It will be composed of practitioners from assets owners, asset managers and service providers.

The joint PRI/TAI project is global and will involve an institutional benchmarking study to better understand current practices, resourcing requirements and other key costs. It will include examples of stewardship best practice by asset owners and asset managers and how their activity is resourced, monitored, measured and disclosed. In addition, it will seek to devise a methodological approach to estimate an appropriate level of resources that different investors should be prepared to dedicate to both direct stewardship and policy engagement activities (whether relating to internally or externally managed assets), such that they can have real-world impact. The findings of this thought leadership

project will be presented into a public guidance document to help inform signatory resourcing practices.

This ToR has been drafted in full accordance with the [PRI Rules for Advisory Committees and Working Groups](#) (approved by the PRI Board in June 2015).

B. OBJECTIVES

This working group will be established with the following objectives:

- Understand resourcing of existing stewardship practices, including challenges and barriers to more resources being allocated to stewardship
- Provide input to survey design
- Provide input to the formulation of investor profiles and target future stewardship resourcing levels
- Provide a platform to socialise project findings
- Provide direction and insights on the implementation of the proposed methodology

C. MEMBERS

Members of the Stewardship Resourcing working group are appointed by the PRI in consultation with the Thinking Ahead Institute following an open invitation on the PRI Collaboration Platform and other proactive outreach. There will be two sub-groups to cater for working group members from different time zones, with a maximum number of ten for each sub-group to build an effective and engaged working group.

To ensure diversity within the Working Group, members are appointed based on the following criteria:

- Proactive interest and ability to contribute expertise, experience and time.
- Diversity of background among individual representatives.
- Diversity in terms of investor type, size and geographic location among participating organisations. Each of the two time-zone groups will include practitioners from both asset owners and asset managers as well as a service provider.
- Demonstrated commitment to leading practices in outcomes-focused stewardship, including as identified through responses to the PRI reporting framework where applicable.
- Although priority will be given to PRI signatories, applications from non-signatory organisations with relevant expertise will be considered.

D. RESPONSIBILITIES

The PRI Executive is responsible for final decisions with regards to this project, including the timelines, resources and budget that have been allocated to it. As such, the PRI is also responsible for ensuring that the group is run in accordance with PRI rules for signatory groups and the provisions outlined in section G of this ToR ("Code of conduct, confidentiality and public communications protocol"). Following appropriate input from members of the working group, the PRI Executive at all times retains ownership and final sign-off of any outputs that are published under joined branding of the PRI and TAI, including events, research or outcomes documents.

PRI as Chair of the Working Group

As Chair of the Stewardship Resourcing Technical Working Group, the PRI Executive commits to:

- Work with TAI to define project objectives, strategy and timelines, based on input from the working group
- Provide strategic and organisational guidance and administrative support
- Guide the development of outputs and sign-off of publications
- Ensure the group moves forward and adheres to agreed project timelines.

TAI as Lead consultant and Co-chair of the Working Group

As Lead consultant to the “Resourcing for Stewardship” project and Co-chair of the Working Group, TAI commits to:

- Work with the PRI to define project objectives, strategy and timelines, based on input from the working group
- Provide expertise from either internal or external sources, convening, and facilitating regular meetings of the working group
- Coordinate meetings, provide agendas, produce meeting minutes, briefings etc.
- Ensure the group moves forward and adheres to agreed project timelines

Investor working group members

By joining the investor working group, 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 working group and the Executive has the authority to remove working group participants that do not abide by the agreed commitment levels and invite other signatories and non-signatories to participate.

Typical responsibilities may include, but are not limited to:

1. Advising on the focus, objectives and scope of the investor working group.
2. Reviewing existing research, resources and literature and advising on appropriate links to the group’s work.
3. Attending working group calls every two months and ad hoc one-to-one calls to discuss the issue.
4. Providing regular guidance and feedback to the PRI on issues relevant to the working group. This may include providing advice/feedback on outputs.
5. Advising whether the project should include additional elements such as engagement with policymakers, sector bodies, initiatives or voluntary standards, preparation of public statements, etc.

It is expected that working group members may need to dedicate up to three hours per month to the activities of this working group (such as preparation for and participation to calls and surveys). All working group 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 PRI Executive and Signatories as well as acting as a final point of escalation on matters related to the PRI 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

The working group and its activities are time-bound. It will be active for the whole duration of the project, which is expected to run for 12 months, until late 2023. An action plan with suggested time frames and milestones will be shared at the first working group meeting.

F. REPORTING REQUIREMENTS

TAI and PRI will report on the activities of the Stewardship Resourcing Working Group on their respective websites as appropriate and subject to the PRI's approval. Publicly available information will include the terms of reference for the Working Group, a list of its members, and updates on its activities.

G. CODE OF CONDUCT, CONFIDENTIALITY AND PUBLIC COMMUNICATIONS PROTOCOL

Conduct

Working group members should treat their colleagues as well as PRI and TAI staff with courtesy and respect. The proactive involvement of the working group members is important to the success of the group. PRI may cancel individual working group member's participation and invite other interested signatories or non-signatories to participate if the required level of commitment is not demonstrated.

Working group members must refrain from using working group materials for explicit commercial purposes and should focus on furthering the goals and objectives as defined above. Failure to meet this requirement may also lead the PRI to cancel working group member participation.

Confidentiality

The theme of the project, and membership of the working group, will be available on the public website and the Collaboration Platform. The discussions of the Resourcing Stewardship working group will remain confidential unless advised otherwise in writing by the PRI Executive. As Lead consultant to the "Resourcing for Stewardship" and Co-chair of the working group, TAI will have access to all communications, data, input and contact details (including work email addresses) shared by Working Group participants as part of their duties. Applicants to and members of the working group acknowledge that their data will be passed by the PRI Association to TAI for the purposes of

administering the group. By joining the Working Group, members further grant the PRI Executive the right to share their work email address with other members of the Group.

The PRI Executive may record working group calls for internal purposes (i.e. note taking). Recordings are not circulated externally other than to TAI. Where recordings of group discussions are taken, the PRI Executive team 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 PRI Executive is empowered to communicate on behalf of the Resourcing Stewardship working group, 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 AND APPLICATIONS

If you are interested in understanding more about this investor working group, please contact Clara Melot (clara.melot@unpri.org) and Jessica Gao (jessica.gao@wtwco.com).

To apply, please fill out the dedicated online application form by COB on January 13th 2023.