

## PRI BOARD MEETING REPORT

The PRI Board had a meeting on 10 & 11 March 2020, via videoconference.

### ATTENDANCE

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

<b>Board members present:</b> Wendy Cromwell (Wellington Management) Angela Emslie (HESTA) Eva Halvarsson (AP2) Michael Jantzi (Sustainalytics) 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)  <b>Apologies:</b> Sharon Hendricks (CaSTRS)	<b>PRI Executive in attendance:</b> Fiona Reynolds Christopher Sperling
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### WELCOME FROM THE CHAIR

The Chair welcomed Michael Jantzi, CEO, Sustainalytics, to the PRI Board.

### DECLARATION OF INTERESTS

Angela Emslie and Xander den Uyl declared new interests in advance of the meeting.

### MINUTES

The Board approved the minutes from the 9 & 10 December 2019 meeting.

### MATTERS ARISING

The board noted the matters arising.

### COMMITTEES' REPORTS

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

### **Finance, Audit and Risk committee (Wendy Cromwell)**

The committee reported to the Board on its discussions:

- 2020/21 business plan budget
- PRI in Person risk

### **Governance committee (Angela Emslie)**

The committee reported to the Board on its discussions:

- Board evaluation
- 2020 PRI Board elections

### **HR and Remuneration committee (Renosi Mokate)**

The committee reported to the Board on its discussions:

- Human Resources annual review
- Chair and CEO reviews

### **Policy committee (Xander den Uyl)**

The committee reported to the Board on its discussions:

- Real economy policy engagement

### **Signatory Status committee (Tycho Sneyers)**

The committee reported to the Board on its discussions:

- Signatory categorisation cases
- Signatory minimum requirements.

## **CHAIR REPORT**

The chair reported on outreach activities after the December 2019 board meeting, work undertaken on the Task Force on Climate-related Financial Disclosures, guidance to the Executive on the PRI's Sustainable Development Goals flagship report, and progress made on the Driving Meaningful Data programme.

## **CEO REPORT**

Fiona Reynolds, CEO, gave an update on the progress of several projects, including Climate Action 100+, the Sustainable Development Goals flagship report consultation, preparations for COP26, the Net Zero Asset Owner Alliance and the Investor Mining and Tailings Safety Initiative.

The Executive has been planning the organisational response to Covid-19, with a duty to staff and keeping the initiative operational. The Executive has planned for impacts on the work programme as well as operations, human resources, IT, travel and events. The Executive is planning for several months of short-term disruption, as well as considering longer term impacts, such as a global economic downturn.

## 2020/21 BUSINESS PLAN BUDGET

Fiona Reynolds presented the key elements of the 2020/21 business plan, including: priority environmental, social and governance issues; the Reporting Framework reform; planned engagements and investment practices guidance; next steps in the Active Ownership 2.0 programme; a new Driving Meaningful Data programme; and the new office space.

The 2020/21 flagship initiatives will be:

- ESG in Credit Risk and Ratings;
- Climate Action;
- Human Rights and Modern Slavery;
- Manager Selection Appointment and Monitoring;
- The Sustainable Development Goals;
- European Technical Expert Group on Sustainable Finance – Taxonomy; and
- Legal Framework for Impact.

Mark Blair, Chief Financial Officer, briefed the board on the identified budget risks, including market volatility, and delistings for non-payment and not meeting the minimum requirements. The major concern at this time is not the 2020/21 business plan, but the potential impact of a global downturn on the 2021/22 budget. The Executive therefore is considering the implications for future budgets of commitments made this year.

The board approved the 2020/21 budget and noted the business plan.

## PRI IN PERSON

Graeme Griffiths, Chief Operating Officer, and Claire Dickinson, Director of Events, joined the meeting.

The Chair summarised the board decision-making process. The proposal is to make a decision in May 2020 on PRI in Person, scheduled for October in Tokyo. The Executive briefed the board on liabilities, cancellation costs, decision timelines and possible alternative scenarios. The board discussed the implications for sponsorship, decision-making around the Tokyo Olympics, future possible scenarios, and the registration process.

## REPORTING FRAMEWORK REFORM

Elina Rolfe, Director of Reporting and Assessment, presented an update on the Reporting Framework reform, including the design, consultation response, IT, and planned engagement and communications.

The board discussed the *Reporting & Assessment consultation: phase two* signatory consultation results. The responses have generally been positive. The Executive will present the in-depth feedback at the next board meeting. The board agreed that there will be more robust discussions with

signatories when they can review the detailed structure and questions. The board will have a chance to review sample questions at the planned July 2020 meeting.

Despite publicising the consultation on social media, via the PRI website and newsletter and Signatory Relations, some signatories were unaware of the consultation until the end of the process. The Executive will consider how to improve the marketing of signatory consultations.

The board welcomed the work undertaken on a complex and important project for the PRI. The project is on track and a number of risks have reduced since the December 2019 meeting. The board approved the implementation plan and proposed approach.

## 2021-24 PRI STRATEGY

The Chair introduced the agenda item. The aim is to give a high level presentation of initial themes and ideas for the next three-year strategy. Also, to provide an opportunity for the board to give feedback and provide direction to the Executive before the next meeting.

Fiona Reynolds presented on the strategy consultation process and initial themes, including:

- increased diversity of the signatory base;
- increased demand for accountability of the PRI and its signatory base; and
- the growing signatory base, with the PRI having to deliver at scale.

Board member provided feedback on the materials presented.

- Board members supported the 'big tent' approach, that gives the PRI its legitimacy and authority, as a leading advocate for responsible investment and voice for investors on these issues. Responsible investment is still building momentum and the 'big tent' is critical.
- There is a trade-off between 'big tent' and greenwashing. The PRI has to guard its credibility and reputation to achieve change.
- Support for the PRI supporting and showcasing leadership practices. At present the PRI caters for a range of signatories, from beginners to leaders, and from low to high participation and contact with the initiative.
- PRI purpose is critical, as well as ambition. The board agreed broadly that the PRI's purpose is both enabling and developing the incorporation of ESG by signatories, as well as real-world impact. Both are interconnected.
- The board debated the balance between incentivising signatories and harder measures. All agreed that the PRI needs multiple measures including rewarding leading practices; transparency; assurance; and minimum requirements.
- The board considered the role of the revised Reporting Framework and also assurance. The Reporting Framework has multiple roles, to support, inspire and educate signatories. The board discussed the possible evolution of the Reporting Framework within the broader context of how the outputs are utilised by signatories and the growing demand for accountability on responsible investment. The board agreed that assurance was complex and has implications for both the signatories and the initiative.

Scheduled throughout 2020 are further board discussions on the 2021-24 strategy.

## DRIVING MEANINGFUL DATA UPDATE

The Chair gave an update on recent developments. There have been positive meetings with three organisations, the IFRS Foundation, the Corporate Reporting Dialogue, and the WBCSD. There is enthusiasm and pressure for convergence of reporting standards. The proposal is to send an updated paper with notes from the recent meetings and proposed next steps, for board consideration.

## SIGNATORY AND STAKEHOLDER INTERACTION

The Board discussed a number of recent complaints received. The complaints fall into two areas:

- PRI strategy and the evolution of the Reporting and Assessment framework.
- PRI role, reputation and brand, and the actions of signatories.

## 2020 PRI BOARD ELECTIONS

Angela Emslie, Governance committee chair, introduced the agenda item. The 2020 election is for one asset owner and one investment manager representative positions. The board discussed three proposals:

1. An **exclusivity period for the asset owner position** at the next board director elections. The board discussed the merits of addressing an actual lack of diversity versus pre-empting a lack of diversity.
2. The **election timetable**.
3. **Provisions for tied elections**. The board ask the Executive to consider the advantages and disadvantages further and come back with a proposal.

The board approved the exclusivity period and the election timetable.

## FUTURE MEETINGS

The Executive will plan for two scenarios for future board meetings: a video conference in May and an in person meeting in July; and video conferences in May, June and July.