

## PRI BOARD MEETING REPORT

The PRI Board had a meeting on 16 July 2020, via videoconference.

### ATTENDANCE

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

<b>Board members present:</b> Angela Emslie (HESTA) Eva Halvarsson (AP2) Michael Jantzi (Sustainalytics) Hiro Mizuno (GPIF) Renosi Mokate (GEPF) Martin Skancke (Chair) Tycho Sneyers (LGT Capital Partners) Laetitia Tankwe (Ircantec) Xander den Uyl (ABP)  <b>Apologies:</b> Wendy Cromwell (Wellington Management) Sharon Hendricks (CalSTRS) Sanda Ojiambo (UNGC) Eric Usher (UNEP FI)	<b>PRI Executive in attendance:</b> Fiona Reynolds Christopher Sperling
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### WELCOME FROM THE CHAIR

The Chair welcomed everyone to the meeting. The key agenda item for the meeting is the 2019/20 annual review of progress against the nine Blueprint priorities.

### DECLARATION OF INTERESTS

No new interests declared.

### MINUTES

The Board approved the minutes from the 17 June 2020 meeting.

### MATTERS ARISING

The board noted the matters arising.

### COMMITTEES' REPORTS

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

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

There has been a significant increase in complaints about signatories in 2020. These complaints raise fundamental questions about the PRI's nature and purpose, and will be for further discussion at the September board meeting. One item for discussion will be who can raise complaints, an issue considered at the inception of the [Serious Violations of the Principles](#) policy.

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

In advance of the July 2020 meeting the board had unanimously reaffirmed the agreement to nominate the current Chair, Martin Skancke, for a final three year term from January 2021 to December 2023. The Chair has his/her appointment as Chair and term of office confirmed by the approval of a simple majority of signatories, including a simple majority of asset owner signatories ([PRI Articles of Association](#)).

## **BOARD EVALUATION**

The Chair introduced the agenda item. Ideally the board evaluation discussion is in person and obviously times are very different from December 2019, when the survey was conducted. Nonetheless it is important for the board to consider how it can be most effective in the strategy process in the current circumstances, and agree board priorities for the remainder of the year.

Angela Emslie, chair of the governance committee summarised the results of the board evaluation. The board is performing well and is well supported by the Executive. The report has no 'red flags'. The board commented on ways to be most useful in the current circumstances:

- More frequent meetings and communication, which are happening already.
- Board committees (established or ad hoc) and webinars could be used to explore issues in more depth as required.

The board agreed to the three proposed priorities:

1. 2021-24 strategy
2. Reporting framework reform
3. Covid resilient organisation

The chair agreed that the board was functioning well, in the circumstances. However, this will be difficult to maintain over time without extra measures and effort. The current board has worked well over a few years, benefiting from historical in person meetings. Inducting new board members will be challenging and change the board dynamic. The plan is to continue with virtual meetings at least for the remainder of 2020.

## **CEO REPORT**

Fiona Reynolds, CEO, presented the agenda item.

Notable publications since the last board meeting include:

- [Investing with SDG outcomes: A five-part framework](#)

- [An introduction to responsible investment: Screening](#)
- [An introduction to responsible investment: climate change for asset owners](#)
- [Summary: Engagement on water risks in agricultural supply chains \(phase 2\)](#)
- [The Inevitable Water Finance Response: Investor Risks and Opportunities](#)
- [The Inevitable Forest Finance Response: Investor Opportunities](#)

Signatory engagement in PRI webinars and work programmes continues to be strong at this time. The Executive is planning a virtual events series for later in the year.

The board noted the policy developments in the US, the Department of Labor notice of proposed rulemaking entitled “Financial Factors in Selecting Plan Investments”, and proposed PRI response.

The Executive also provided updates on signatory reporting numbers, collection of signatory fees, financials, and the trial opening the London office under Covid-19 conditions.

## REPORTING FRAMEWORK REFORM UPDATE

Elina Rolfe, Director of Reporting and Assessment, joined the meeting to present the agenda item.

The development of the new Reporting Framework content and infrastructure are on track. Extensive signatory communications are planned. The development of the content has been predictably difficult, being very iterative and requiring work from across the organisation.

The feedback from the recent focus groups has been constructive and largely positive. Signatories have reported an overall improvement, with deeper and more challenging questions, while at the same time noting that the framework is more concise. Some of the focus group have reported that the new framework can be too prescriptive and granular, with not enough opportunity to provide narrative explanation. Concerns have also been raised about the potential reporting burden, particularly on asset classes where the questions are significantly more challenging than the current framework.

The board discussed several aspects of the proposed new framework:

- **Reporting burden.** Excessive burden could detract from the broader value that the PRI offers. The PRI must try to ensure that framework challenges organisations to improve their systems and operations, rather than just creating significant challenges for data collection for the sake of it.
- **Focus group satisfaction scores.** The test scores are relatively low considering the composition of the focus group. The PRI is a big tent organisation and needs to manage expectations about the framework.
- **Question hierarchy.** A lot of the sample questions imply a linear progression from foundational to advanced. This can be prescriptive, and the framework should allow for multiple options. The hierarchy can make it more difficult to showcase competence and add complexity.
- **Big tent organisation.** The PRI is a ‘big tent’ organisation and the framework must try to accommodate different levels of competence and organisations working within different regulatory frameworks. The framework should be accommodating, not intimidating new signatories particularly.

2021 will be a pilot year. The new framework will not be truly tested until all signatories have reported. The board will receive another update on the Reporting Framework reform at the September 2020 meeting.

## 2019/20 ANNUAL REVIEW

Fiona Reynolds, CEO, introduced the annual review. The review is of the second year of the 2018-21 strategy.

The PRI has made good progress on the flagship programmes:

- ESG in Credit Risk and Ratings
- The Inevitable Policy Response
- Manager Selection Appointment and Monitoring guidance
- Climate Action 100+
- The Sustainable Development Goals framework
- European Technical Expert Group on Sustainable Finance – Taxonomy
- Financial Sector Commission on Modern Slavery and Trafficking

The PRI has published 40+ new pieces of guidance across an extensive range of ESG/policy and asset class issues. The leadership awards have been well received and engagement with signatories not meeting the minimum requirements is encouraging. Generally, there has been positive momentum for the organisation, the signatory base continues to increase at 20%+ net growth, PRI in Person Paris was the largest ever global responsible investment conference, and there has been significant growth in media traction in both social and mainstream media.

At the last annual review, the board had agreed that progress on several Blueprint priority areas was lagging. The board noted that over the past year there has been significant progress on 'Enabling real-world impact aligned with the SDGs', 'Driving Meaningful Data' and the 'Digital' enabler.

However, there was consensus that 'Empowering asset owners' Blueprint priority was still lacking cohesiveness and coordination. The PRI has delivered many resources for asset owners: the UN Asset Owner Alliance; guidance for Limited Partners; a series of introductory guides for Asset Owners; guidance on strategic asset allocation; the leadership awards that were focused on Asset Owners in year one; climate change guide for Asset Owners; the legal framework for impact aimed at assisting Asset Owners to take into account beneficiaries' views; and trustee workshops. These are useful resources, but not the work publicly committed to in the strategy. The board asked the Executive to review the asset owner work programme and resources.

The board complimented the Executive on the significant amount of work undertaken over the past year, particularly the flagship programmes.

## **FUTURE MEETINGS**

Board meetings have been planned for September, October and December. The September meeting will focus on the proposed 2021-24 strategy.

Signatories wishing to provide input on the agenda items or raise additional issues for board consideration should email [governance@unpri.org](mailto:governance@unpri.org).