

SUSTAINABLE SYSTEMS INVESTMENT MANAGERS REFERENCE GROUP: TERMS OF REFERENCE

A. BACKGROUND AND INTRODUCTION

PRI reference groups provide opportunities for signatories to convene, share knowledge and collaborate on responsible investment. Reference groups were established so that the PRI can keep interested signatories informed, exchange information and use the members as a reference point.

The Sustainable Systems Investment Managers Reference Group (SSIMRG) provides a unique opportunity for investment managers to share developments, questions, concerns and feedback with the PRI Executive related to:

- Innovative solutions to barriers to responsible investment and a sustainable financial system;
- The role of investment managers on system level issues;
- PRI's sustainable systems change plan¹;
- And PRI's Progression Pathways²

While the landscape for responsible investors has changed dramatically since PRI's founding, our signatories face new challenges and require PRI to dynamically evolve to provide new ways of support. The PRI created the Sustainable Systems Investment Managers Reference Group (SSIMRG) to consider the current and emerging roles, constraints and barriers facing investment managers in a sustainable financial system³.

SSIMRG may also be presented with opportunities to engage with the congruent group for asset owners on related topics and to identify priorities as input to the PRI Board.

B. MEMBERSHIP

These terms of reference apply to the SSIMRG, which is a group of senior investment and ESG professionals who are influential in their firms' efforts to fully integrate responsible investment into investment decision making and active ownership. All members of the SSIMRG are listed on our

¹ A sustainable systems change plan brings together our understanding on sustainable systems issues and financial regulation and data

² Noting that feedback on progression pathways during their design phase will also be provided by several of the PRI's reference groups and Advisory Committees.

³ We define a sustainable financial system as being one that creates, values and transacts financial assets in ways that shapes the real economy to serve the long-term needs of society.

website [here](#). Members of the SSIMRG may be invited by the PRI Executive or may request to join by emailing SSIMRG.secretariat@unpri.org.

Group members are appointed by the PRI based on the following criteria:

- Employed by a PRI investment manager signatory (this group is for investment managers only; separate groups will be formed for asset owners and service providers)
- Expertise in responsible investment
- Proactive interest in innovative solutions to responsible investment challenges and/or sustainable financial systems and responsible investment progression
- Ability to contribute expertise and time – in appointing members the PRI Executive will seek individuals that have a balance between seniority and ability to commit a certain level of engagement .

Members join the group in their capacity as representatives of their organisation. Members can join if their organization is not a signatory if they agree to become a signatory in one year.

A maximum of two members can join per organisation.

The PRI Executive strives to ensure the group has a balance that reflects PRI's investment manager signatory base across a range of factors including (but not exclusive to): geography, diversity, equity and inclusion, asset class exposure, investment mandate, and size.

Steering Committee

To help lead the SSIMRG, the reference group will also feature an internal steering committee whose role is to help advise on content and ways of engaging the broader reference group members within the scope of these terms of reference. Steering committee members are chosen by the PRI Executive from existing reference group members. The PRI Executive will run and manage a fixed recruitment window for all committee vacancies.

The size of the steering committee will be determined by the size of the overall SSIMRG. PRI will seek to have a 1:15 ratio between SSIMRG steering committee members and total SSIMRG group members. Recruitment for the Steering Committee will begin once a quorum of 45 SSIMRG members has been achieved. Additional members will be added to the Steering Committee as the SSIMRG grows, with a maximum capacity of 12 steering committee members.

TENURE

Group Members

An individual may remain a member of the SSIMRG as long as they continue to meet the membership requirements (see membership criteria above and responsibilities below). Members can also requests to discontinue their involvement at any time. Membership will also cease if the PRI Executive discontinues the SSIMRG.

If a member leaves their role, the member may continue on the committee as a representative of a new signatory organisation, where that organisation meets the membership criteria, or in exceptional cases, as individuals if they are performing work that is related to PRI's mission, subject to approval by the PRI Executive. The signatory from who the member left is also welcomed to nominate a replacement member to be appointed to the SSIMRG by the PRI Executive, pending a determination from the PRI Executive that the new nominee satisfactorily meets the membership criteria above.

The PRI Executive maintains the right to amend these terms of reference to impose future term limits if doing so is deemed necessary to help the group fulfil its purpose.

Steering Committee Members

On joining the steering committee, an organisation occupies their position for two calendar years. At the end of their tenure, each member organisation can reapply for another term of two years, with a maximum term limit of two terms (4 years). Each organisation is expected to be represented by one individual for the duration of that tenure. The organisation can transfer the role to another individual in the event of changes to employment or other exceptional circumstances. Any changes should be agreed with and approved by the PRI Executive.

The PRI Executive has discretion on all decisions regarding the tenure of group members and steering committee members in exceptional circumstances.

C. RESPONSIBILITIES

The SSIMRG is a voluntary body comprised of members from PRI signatory organisations. The SSIMRG will work to:

- Provide input/feedback on PRI's work on sustainable systems change plan⁴, progression pathways, and addressing investment managers' barriers to responsible investment
- Support PRI in developing its positions on key developments relating to sustainable financial systems and barriers to responsible investment
- Serve as a sounding board for the PRI Executive in the activities the PRI Executive undertakes relating to progression pathways, sustainable financial systems, sustainable systems change plans and addressing barriers to responsible investment.
- Exchange information about relevant developments in their markets.

ROLE OF REFERENCE GROUP MEMBERS

Proactive participation from all members is crucial for an effective signatory group and the PRI Executive has the authority to remove signatory participants that do not abide by the agreed commitment levels and invite other signatories to participate. Indicative responsibilities include:

- Joining calls to share information on developments in your jurisdiction and area of expertise. Calls will occur on a quarterly frequency, ranging from 1 hour to 1h30 in length. Additional conference calls may be scheduled each year on special topics or to source additional

⁴ A sustainable systems change plan brings together our understanding on sustainable systems issues and financial regulation and data

feedback in a timely manner. It is expected that SSIMRG members join at least one quarterly call a year, or provide written feedback to the PRI Sustainable Systems team on relevant topics and consultations;

- Responding to emails, surveys, and other communications from the PRI Executive in a timely manner;
- Participating proactively in providing advice and feedback to the PRI Executive on (but not limited to) the;
 - Design, delivery, and dissemination of PRI's Progression Pathways
 - Advising on issues relating to PRI decision-making and programme development; and
 - Supporting and aiding PRI's response to, or involvement in, certain industry developments.
- Representing the broader investment manager signatory base rather than solely the interests of their own organisation; and
- Participating in outreach and engagement with peers in support of the PRI's sustainable systems work programme.

All group members are welcome to undertake additional work, for example, drafting documents if their schedules enable them to do so.

ROLE OF THE STEERING COMMITTEE

By accepting a position on the steering committee, members confirm that they can devote sufficient time to their duties as defined below. The PRI Executive reserves the right to remove members that do not meet the agreed commitments.

In addition to the above, the steering committee members commit to:

- Devoting the required additional time to the reference group beyond that of other group members (estimated to be an additional 1-3 hours per quarter).
- Working with the PRI Executive as need to advise on and co-design meeting agendas—ensuring the group's discussions cover the relevant and pressing issues signatories at large contend with.
- Act as a sounding board in support of the whole group and the PRI Executive.
- Being available to help provide leadership to the SSIMRG, including potentially leading group meetings and discussions.

ROLE OF THE PRI EXECUTIVE

The PRI Executive plays an active role in leading and coordinating the SSIMRG and commits to:

- Convening and administering reference group meetings on a quarterly basis and when necessary;
- Updating committee members on PRI's Sustainable Systems work program activities;
- Developing materials for discussion by the reference group;

- Conducting a regular review of the reference group's activities and, where appropriate, reporting relevant points to the PRI Board.

The PRI Executive always retains ownership and final sign-off of any outputs that are published under the name of the PRI, including research, events, and any other materials.

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 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 such as this reference group, the signatory can escalate the issue(s) to the CEO 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.

D. CODE OF CONDUCT, CONFIDENTIALITY AND PUBLIC COMMUNICATIONS PROTOCOL

Conduct: Signatories must refrain from using signatory forums (including the SSIMRG) for explicit commercial purposes and should focus on furthering the goals and objectives as defined above. Members should treat their colleagues and PRI staff with courtesy and respect. Failure to meet these requirements may also lead the signatory being removed from the group.

Confidentiality: Discussions of the reference group and material provided to the reference group by the PRI Executive should be assumed to be confidential unless advised otherwise in writing by the Executive. Members commit to maintaining such confidentiality. The PRI Executive may record reference group calls for internal purposes (i.e. note taking). Recordings are not circulated externally, including to members of groups, as they are presumed to be confidential and sharing them could increase the risk that discussions inadvertently appear in the public domain. Where recordings of group discussions are taken, PRI staff 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 publicly and /or with investors as a resource.

Communication: The Executive is empowered to reference feedback received from the SSIMRG in general terms and, given the terms of confidentiality, will not attribute comments to specific members without prior consent.

Transparency: The theme and membership of the reference group will be available on the public website and/or the Collaboration Platform. By accepting these terms of reference, group members

agree to the publication of their name and organisation name on the PRI website and may themselves publicise their involvement on their organisation's website and/or social media.

E. CONTACT

For more information about the Sustainable Systems Investment Manager Reference Group, please contact SSIMRG.secretariat@unpri.org

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1.0	Nathan Fabian	Carly Jacobs	August 2023	August 2023	August 2023	Annually	August 2024