

2022-23 PRI BOARD REPORT

INCLUDING 2023
SIGNATORY GENERAL
MEETING AGENDA AND
SIGNATORY VOTING
INFORMATION

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INTRODUCTION

Building on the themes touched on in my introduction to the Annual Report, this Board Report details the Board and its committees' discussions throughout the year.

You can also find information on the role of the PRI Board, its directors and permanent UN partners, and results of the most recent Board evaluation.

Effective two-way communication between the Board and signatories is crucial to the governance of the PRI. Please take a look at the [agenda](#) for the forthcoming PRI Signatory General Meeting (SGM) on 13 September, along with the items that signatories will be asked to vote on in late 2023.

I would like to thank Eva Halvarsson and Michael Jantzi, who left the Board in the past year, for their dedication to the PRI. We have also welcomed two newly elected directors, Denísio Liberato and Rebeca Minguela. Also, unfortunately Scott Connolly had to resign from the Board mid-way through his term, in May 2023, due to another commitment and we will seek to fill this asset owner representative position in the forthcoming annual elections. I am sad to say this will be my last year on the PRI Board, with my third and final term as Chair ending in December 2023.

Our Board discussions are always strengthened by greater diversity of representation on the Board. With members broadly representative of the global signatory base – as well as seeing diversity of role, experience and gender – we have had a plethora of perspectives bringing richness to our discussions throughout the year.

Thank you to all my fellow Board members for their commitment to the PRI.

For more information about the Board's role and discussions, or more generally about the PRI's governance, please see the governance pages of the [PRI website](#) or contact governance@unpri.org.

Martin Skancke
Chair, PRI Board

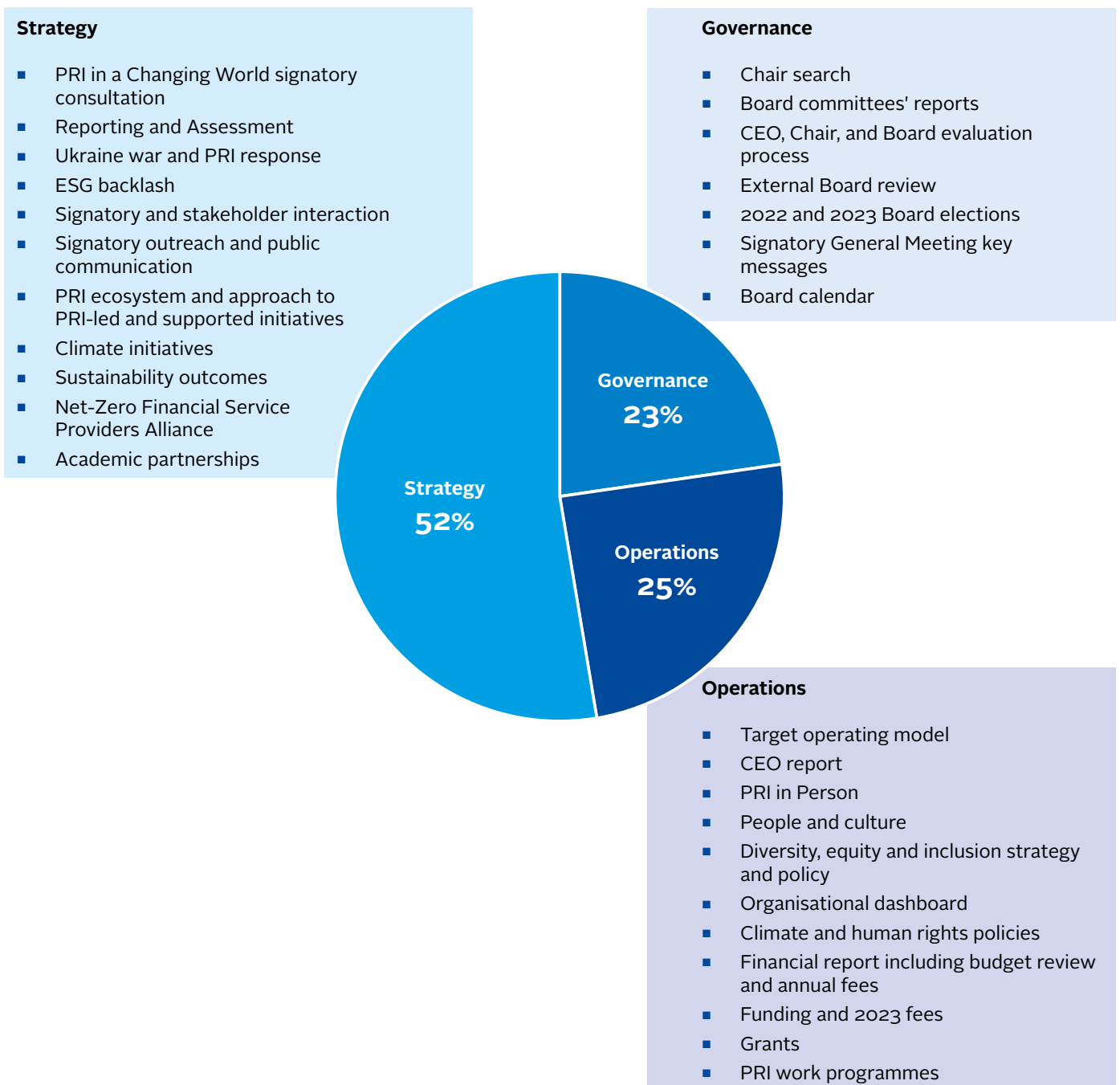


Martin Skancke
Chair, PRI Board

SUMMARY OF BOARD ACTIVITIES

The Board met eight times between 1 April 2022 and 31 March 2023, through a combination on in-person and online meetings.

Strategy received significantly more focus from the Board this year (52% vs 31% in 2021/22), largely driven by time discussing the PRI in a Changing World signatory consultation.



Below is a summary of some of the key discussions throughout the year, and their outcomes. Many of these items were discussed in more detail by the relevant committee, for which more information is available in the [summary of committee activities](#).

Focus area	Key matters considered	Summary
Strategy	<p>PRI in a Changing World signatory consultation</p>	<p>More than 1,900 signatories participated in at least one part of the PRI in a Changing World signatory consultation, which sought to understand signatory views on the changing expectations of responsible investors, and how the PRI might adapt to better support our signatories.</p> <p>The Board discussed clear messages that emerged regarding the need to: measure progress in ways that acknowledge our diverse signatory base; design a more agile PRI strategy-setting process; further assess and seek input on our mission statement and governance.</p> <p>To support signatories with their progression the PRI plans to co-design progression pathways with signatories in the second half of 2023.</p> <p>Other findings from the survey will inform the PRI's 2024-27 strategy, what value the PRI provides to signatories at a global and local scale and how that value is delivered via a new operating model.</p>
	<p>PRI Reporting and Assessment and the future of reporting</p>	<p>The Board continues to oversee delivery of PRI Reporting and Assessment, supported by the Reporting and Assessment Framework Oversight Committee and external assurance.</p> <p>Transparency Reports and Assessment Reports from 2021 reporting were released in September 2022, followed by improvements to the Data Portal in November, closing the 2021 reporting. The 2023 Reporting Framework was published in January 2023, ahead of the 2023 reporting cycle opening later in the year.</p> <p>The Board has discussed lessons learnt from the 2021 reporting exercise, as well as the future of PRI Reporting and Assessment in the context of a rapidly evolving external environment of reporting commitments. The Board recognises that signatories have valid concerns about reporting burden and duplication of reporting. In response, the PRI is establishing a programme of work aimed at better understanding and addressing duplication between reporting regimes. The work is beginning with a proof of concept to determine, in collaboration with signatories, equivalent reporting requirements in focused areas. The programme will initially focus on the UK's Stewardship Code and the Task Force on Climate-related Financial Disclosures.</p>
	<p>Digital transformation</p>	<p>Digital improvements have been focused on enhancing platforms and processes that supported the delivery of Reporting and Assessment in 2023 and developing a data vision and strategy. Progress will continue in 2023-24.</p>

Operational	Operational effectiveness	<p>The Board has overseen the design and implementation of a new target operating model for the PRI. The Board recognised that after undergoing significant change in recent years, the PRI needs a refreshed, fit-for-purpose operating model that aligns with its strategic direction. The drivers for change included the need to operate at scale, the changing responsible investment landscape, the need to review the capabilities to best support signatories and the global and local dimensions of the PRI signatory base.</p> <p>The Board's role was to challenge the target operating model presented by the Executive, the risks, the value for signatories and the Executive's capacity to continue to deliver existing programmes of work through the transition period.</p> <p>The Board has also proposed that, given the growth of the organisation, there is a need for an internal audit function to provide assurance to the Board. Under the guidance of the Finance, Audit and Risk Committee, the Executive is sourcing an external review of the PRI's risk management, governance and internal controls, and recommendations on an appropriate ongoing internal audit framework.</p> <p>As part of ensuring we are holding ourselves to account, the PRI has started a Walk the Talk programme aimed at ensuring PRI's own policies and processes are aligned to the PRI's mission. In September 2022 the Board approved a new climate change policy and updated human rights policy, and agreed to a gradual roll out of the policies and their underlying processes and controls.</p>
	Programmes	<p>The Board received updates on the PRI's programmes on climate, human rights and social issues, driving meaningful data and sustainability outcomes. The Board also received an update on all PRI-led and PRI-supported investor initiatives, including Climate Action 100+, the Net-Zero Asset Owner Alliance and the new Advance stewardship initiative for human rights and social issues.</p> <p>The Board has also discussed the ongoing ESG backlash impacting many signatories in different markets. The PRI has been more proactive about communicating the fiduciary imperative of responsible investment, and is providing guidance on anti-trust and stewardship to support signatories' efforts. The Board will continue to monitor the ESG backlash and consider, with the Executive, the best responses to support responsible investment and signatories.</p>
People and culture	Annual people and culture review and salary review	<p>The Board reviewed the results of the 2022 employee engagement survey – the first since 2020. With 94% employee participation, the results provided rich data. People are proud to work at the PRI and have good team relationships. Areas of attention include feedback, careers and performance, clarity and direction on objectives, and accountabilities. The results informed the target operating model.</p> <p>Over the last year the Executive Team started work on refreshing leadership development and ensuring the right practices and accountabilities are in place to enable more effective planning, execution and monitoring of our strategy and programme of work, to improve our efficiency and cohesion. A new approach to tracking activity and performance was developed to ensure employees understand how their work contributes to the overall organisation's performance.</p> <p>The Board approved the 2022 pay review, which was aligned with the reward policy for employees and included performance evaluation. The Board reviewed the CEO's performance after six months in the role and approved the remuneration package.</p>
	Diversity, equity and inclusion (DEI)	<p>The Board believes that there has been good progress on internal diversity, equity and inclusion (DEI) since the hire of a DEI lead in January 2022. Highlights from the past year include launching a new DEI policy and strategy, publishing the PRI's first diversity data and pay gap report, training for all employees and updated policies on: anti-harassment and discrimination, whistleblowing, grievance and disciplinary, as well as a new policy on menopause support.</p> <p>The Board recognises that the PRI must continue to make progress and strive to achieve best practice.</p>

Finance	External Audit	Deloitte were retained as the auditor for 2022/23. The Board approved the 2022/23 annual report and accounts.
	Signatory fees	The Board approved a moderate signatory fee increase for 2023, ranging from £34 to just under £1,000, depending on signatory type and size. The PRI is simultaneously taking active steps to identify cost savings in its operations, but inflationary pressures across key markets necessitated a fee increase nevertheless.
	Budget	<p>The Board monitors PRI finances regularly. Like its signatories and many other organisations, the PRI has been impacted by high inflation and higher costs, and is taking active steps to identify savings.</p> <p>The Board approved the budget for the first half of 2023/24. Starting to implement the target operating model will have an impact on the budget and therefore the full year budget for 2023/24 will be for Board approval in June 2023.</p>
Governance	2022 PRI Board elections	<p>The 2022 election was for one asset owner representative position and one service provider representative position. The Board encouraged asset owner candidates from emerging markets and candidates who identify as female or non-binary for either position. Digital transformation skills were looked for across all candidates. Denísio Liberato, Previ (Brazil) was elected as the only candidate for the asset owner position, and Rebeca Minguela of Clarity AI (USA) was elected out of three candidates competing for the service provider position.</p> <p>The induction programme for new directors includes a programme of briefings from the Executive, and an induction pack addressing the directors' legal responsibilities and outlining the PRI's strategy and work programmes.</p>
	Board effectiveness	<p>The Board conducted a self-evaluation, finding that overall the Board and committees are functioning effectively. A key strength is strong relationships amongst members and members working effectively together, while communication with signatories and stakeholders was identified as an area for improvement.</p> <p>Priorities for the Chair and Board in 2023/24 were agreed.</p>
Risk	Risk management	<p>The Finance, Audit and Risk Committee review operational risks, together with the compliance report, at least quarterly, and report to the Board. Risks are scored by likelihood and impact and include possible mitigations. The risks reported and discussed during the year included:</p> <ul style="list-style-type: none"> ■ Legal. There is risk of litigation, largely due to the political environment in some regions, including specific pushback against ESG investing. ■ Reputation. Globally agreed goals on climate and nature are at risk, leading to pushback on the veracity of investors' claims and effectiveness of approaches used. This extends to accusations of greenwashing. ■ Programmes. The potential further disruptions to PRI Reporting and Assessment, which put both signatory learning and accountability at risk. ■ People and culture. The market for responsible investment expertise becoming very competitive is a risk to the PRI's ability to hold onto its people, on whose skills and expertise it is very dependent. ■ I.T. The PRI holds confidential signatory, and other, data, making I.T. security of critical importance. ■ Financial. Signatory retention and growth, changes to signatory AUMs (given link to fee bands) and currency fluctuations could all affect the PRI's ability to fund its work. These risks are particularly inter-related to other risks such as legal, reputational and delivery of programmes.

Succession and leadership	Chair Search	<p>The Board, supported by the ad hoc Chair Search Committee, has led a global and comprehensive search process for a new Chair, in anticipation of current Chair, Martin Skancke, reaching the end of his three-term limit in December 2023.</p> <p>The Board has nominated Conor Kehoe, with signatories invited to confirm the appointment during the annual elections process from 20 September 2023 to 1 December 2023, followed by the new Chair starting on 1 January 2024.</p>
	Executive Team	<p>The Board is pleased that David Atkin, CEO has now completed his first full year at the PRI.</p> <p>David Atkin has strengthened the Executive team during the year with the appointments of Esther Teeken, Chief Operating Officer and Cathrine Armour, who joined as Chief Reporting Officer and became Chief Responsible Investment Solutions Officer under the new operating model.</p>

PRI BOARD

CHAIR DIRECTORS ELECTED BY ASSET OWNERS



Martin Skancke
Independent member
Current term expires: 2023

Committee membership:

- None



Scott Connolly
Telstra Super (Australia)
Resigned May 2023

Committee membership:

- Finance, Audit and Risk (from May 2022)
- Governance
- Policy (until May 2022)
- Signatory Experience and Value Proposition



Sharon Hendricks
CalSTRS (USA)
Current term expires: 2024

Committee membership:

- Chair Search (chair)
- Governance (chair)
- People and Culture



Takeshi Kimura
Nippon Life Insurance Company (Japan)
Current term expires: 2023

Committee membership:

- Finance, Audit and Risk
- Governance
- Policy



Denísio Liberato
PREVI (Brazil)
Current term expires 2025

Committee membership from January 2023:

- Finance, Audit and Risk
- Policy



Wilhelm Mohn
NBIM (Norway)
Current term expires: 2024

Committee membership:

- Finance, Audit and Risk (chair)
- People and Culture (from January 2023).
- Reporting and Assessment



Renosi Mokate
GEPF (South Africa)
Current term expires: 2023

Committee membership:

- Chair Search
- People and Culture (chair)
- Signatory Experience and Value Proposition



Laetitia Tankwe
CFDT (France)
Current term expires: 2024

Committee membership:

- Reporting and Assessment (chair)
- Policy
- Signatory Experience and Value Proposition

DIRECTORS ELECTED BY NON-ASSET OWNERS



Wendy Cromwell
Wellington (USA)
Current term expires: 2024

Committee membership:

- Policy
- Reporting and Assessment



Tycho Sneyers
LGT (Switzerland)
Current term expires: 2023

Committee membership:

- Chair Search
- Governance
- Signatory Experience and Value Proposition (chair)



Rebeca Minguela
Clarity AI (USA)
Current term expires 2025

Committee membership from January 2023:

- Governance
- Signatory Experience and Value Proposition

PERMANENT UN ADVISORS



Sanda Ojiambo
UN Global Compact

Committee membership:

- Chair Search
- Governance



Eric Usher
UNEP FI

Committee membership:

- Policy (chair)

[Learn more about the PRI Board](#)

LEADERSHIP

The Board is collectively responsible for the long-term success of the PRI, in particular:

- establishing the PRI's mission, vision, and values;
- setting the strategy, risk appetite and structure;
- delegating the implementation of the strategy to the Executive;
- monitoring the Executive's performance against the strategy;
- exercising accountability to signatories;
- being responsible to relevant stakeholders.

Matters reserved for Board approval are listed in the Directors' Terms of Reference. There are clear divisions of responsibilities and roles set out in the terms for the Chair, Directors, Permanent UN Advisors and CEO.

COMMITMENT AND INTEGRITY

All Board directors and the UN permanent advisors remain committed to their roles on the PRI Board. Board directors must abide by the Code of Ethics and Conduct, and the Directors' Terms of Reference. A register of interests is maintained.

With the covid-19 pandemic preventing in-person meetings in the previous two years, the Board was pleased that a combination of in-person (four) and online (four) meetings was possible in 2022/23. The Board finds that some more complex discussions, such as on the organisation's strategic direction, are conducted better in person.

To support Board members attending in-person meetings, the Board approved a travel allowance of up to £5,000 for attending an in-person Board meeting and the PRI in Person conference. Attendance records are detailed [here](#).

CHARITY GOVERNANCE CODE

As a mission-driven, not-for-profit organisation, we considered the Charity Governance Code the most applicable governance code for the PRI, and have reviewed our governance arrangements against its principles and recommended practice for larger charities.

The Charity Governance Code is deliberately aspirational, and compliance is not mandatory. The PRI currently applies all the principles and the majority of the applicable supporting recommended practice. (Some practices recommended by the Charity Governance Code are not relevant: for example, PRI Directors are elected through signatory vote rather than appointed through a nominations process.)

Improvements made in 2022/23 include:

- engaging with signatories on the future strategy through the PRI in a Changing World signatory consultation;
- more engagement between the Executive team and the Board;
- completing a Board skills matrix.

PRI BOARD AGREED POLICIES

As a mission-driven, signatory-led organisation, the PRI publishes rules, policies and term of reference, which enshrine the procedures and practicalities required to give effect to the procedures set out in the [Articles of Association](#).

- [CEO Terms of Reference](#)
- [Chair's Terms of Reference](#)
- [Climate Change Policy](#)
- [Code of Ethics and Conduct](#)
- [Directors' Terms of Reference](#)
- [Board Diversity Policy](#)
- [Election Rules](#)
- [Grant Policy](#)
- [Human Rights Policy](#)
- [Permanent UN Advisors' Terms of Reference](#)
- [Procurement Policy](#)
- [Signatory Accountability Rules](#)
- [Signatory Categorisation Guidelines](#)
- [Signatory General Meeting Rules](#)
- [Signatory Rules](#)
- [Whistleblowing Policy](#)

THE PRI'S SIX CORE VALUES

PRINCIPLES DRIVEN

The Principles underpin our work and provide an opportunity to contribute to a more sustainable society

AUTHENTICITY

We are true to our organisation, its mission and ourselves

COOPERATION

We work together constructively with mutual respect and enthusiasm

OPENNESS

We welcome diversity and expect transparency in our activities

EMPOWERMENT

We support and encourage each other to perform to the best of our abilities

RESPONSIBILITY

We take ownership for our actions and outcomes

BOARD EFFECTIVENESS

2022 PRI BOARD REVIEW

The PRI Articles of Association require the Directors to review the functioning of the Board annually, and the Chair must report the results at the next SGM. Board members are invited to reflect on the effectiveness of their contribution to the Board, how they might improve their contribution, the key strengths of the Board, ways to improve the Board's effectiveness and priorities for the next financial year.

The self-evaluation was completed by all 13 Board members that served in 2022. For the first time the questionnaire was also completed by the Executive Team. In addition, Board members completed a skills matrix, including the new two directors whose terms started in January 2023.

Board members identified a number of positive aspects in the annual review, including:

- The Board effectively uses the mission and strategic objectives in strategic decision-making, and provides good oversight of the implementation of the strategy.
- A key strength is Board dynamics, including good relationships between Board members, and the Board working effectively together – being collegial, engaged, committed and bringing good skills and experience to the discussions.
- There is a positive relationship between the Board and the CEO/key employees.
- The committee structure is seen to be appropriate and play an important role in supporting the Board.
- Average score across the evaluation increased in 2022 compared to the previous annual evaluation. The return of face-to-face meetings has enabled the Board to focus on more strategic discussions, which may be one reason for the increased score.
- The administrative/secretariat support that the Board receives is strong.

The Board welcomed the feedback provided by the Executive. Overall, the scores between the Executive and Board were largely consistent. Relationships between Board members and the Executive was identified as a strength.

The Board agreed the following priorities for 2023/24:

- Lead the response to the PRI in a Changing World signatory consultation.
- Lead the Chair search process.
- Oversee organisational effectiveness, including the implementation of the target operating model.

The review also identified some areas that have been a focus for improvement, and how they are being addressed.

Action areas	Actions to date and promised
Role of the Board	<ul style="list-style-type: none"> ■ The return of in-person meetings has helped the Board to focus on strategic matters. ■ A new organisation-wide dashboard has been developed, which strengthens Board oversight of organisational progress. There is also now more structured and regular information, provided to the Board on a monthly and quarterly basis. ■ There are now Board conversations dedicated to PRI-led collaborative initiatives.
The Board's relationships with signatories and stakeholders	<ul style="list-style-type: none"> ■ The PRI in a Changing World consultation provided a good opportunity for the Board to engage with signatories. The consultation survey results will inform the PRI's direction. ■ There is now a regular update from the Board to signatories in the quarterly signatory update (this started from Q2 2022/23). The Board is also considering ways to better engage with the signatories by category and market. ■ The Signatory Experience and Value Proposition Committee was established in May 2022 to support the Board on these key issues.
Board composition and skills	<ul style="list-style-type: none"> ■ In the Board skills matrix, "technology, cyber and digital" was the lowest scoring area. In the 2022 elections guidance, applications from candidates with digital transformation skills were encouraged, to strengthen Board knowledge in this area. ■ The composition of the Board was discussed as part of the self-evaluation, and as part of the PRI in a Changing World signatory consultation asset owner signatories were asked about the governance of the PRI, including the Board composition and representation of non-asset owners. The Board, supported by the Governance Committee, will develop a proposal to address signatory feedback and next steps.
Board functioning and dynamics	<ul style="list-style-type: none"> ■ The return to in-person Board meetings has supported better interaction with a wider group of Executives beyond the CEO.
Board processes and support	<ul style="list-style-type: none"> ■ Board papers were noted as having improved, including through better executive summaries, but further refinement and improvement continues. ■ The Board now receives regular briefing sessions on the PRI's work programmes either at Board meetings or dedicated webinars between meetings.
Board committees	<ul style="list-style-type: none"> ■ Changes were made to the committees' structure in May 2022. The Board agreed that the current committee structure is appropriate.

CHAIR ASSESSMENT

Assessment of the Chair was led by the People and Culture Committee, and completed by all 12 Board members (excluding the Chair). The assessment, covering the 2022 calendar year, was structured into three areas:

1. Chair performance: leadership of the Board; ensuring its effectiveness; working with the Executive
2. Suggestions to improve performance
3. Priorities for 2023

The results were positive, consistent with previous reviews. Both the quantitative data and comments indicate a high-performing Chair. Board members felt the Chair has led the Board through challenging discussions, ensures participation of all Board members and works well with the CEO. Areas suggested for additional focus were ensuring Board discussions remain focused on the core issues, Board papers being succinct and considering the balance and frequency of in-person and virtual meetings.

The Board agreed the Chair priorities for 2023 (which are aligned with the Board priorities):

1. PRI in a Changing World signatory consultation outcomes
2. Effective governance (including the Chair search process and induction)
3. Organisational effectiveness, including oversight of implementation of the target operating model.

CHAIR SEARCH

The current Chair, Martin Skancke, reaches the end of his three-term limit in December 2023. The Board, supported by the Chair Search Committee, has led a global search for the appointment of a new Chair.

The Board Chair is key to the PRI achieving its aims. Following a period of rapid growth for the organisation, the current phase of development is to strengthen value across the diverse and global membership base, more efficiently and effectively operate at scale, deepen understanding of signatories, transform digital reach, develop organisational capabilities and become a truly global organisation.

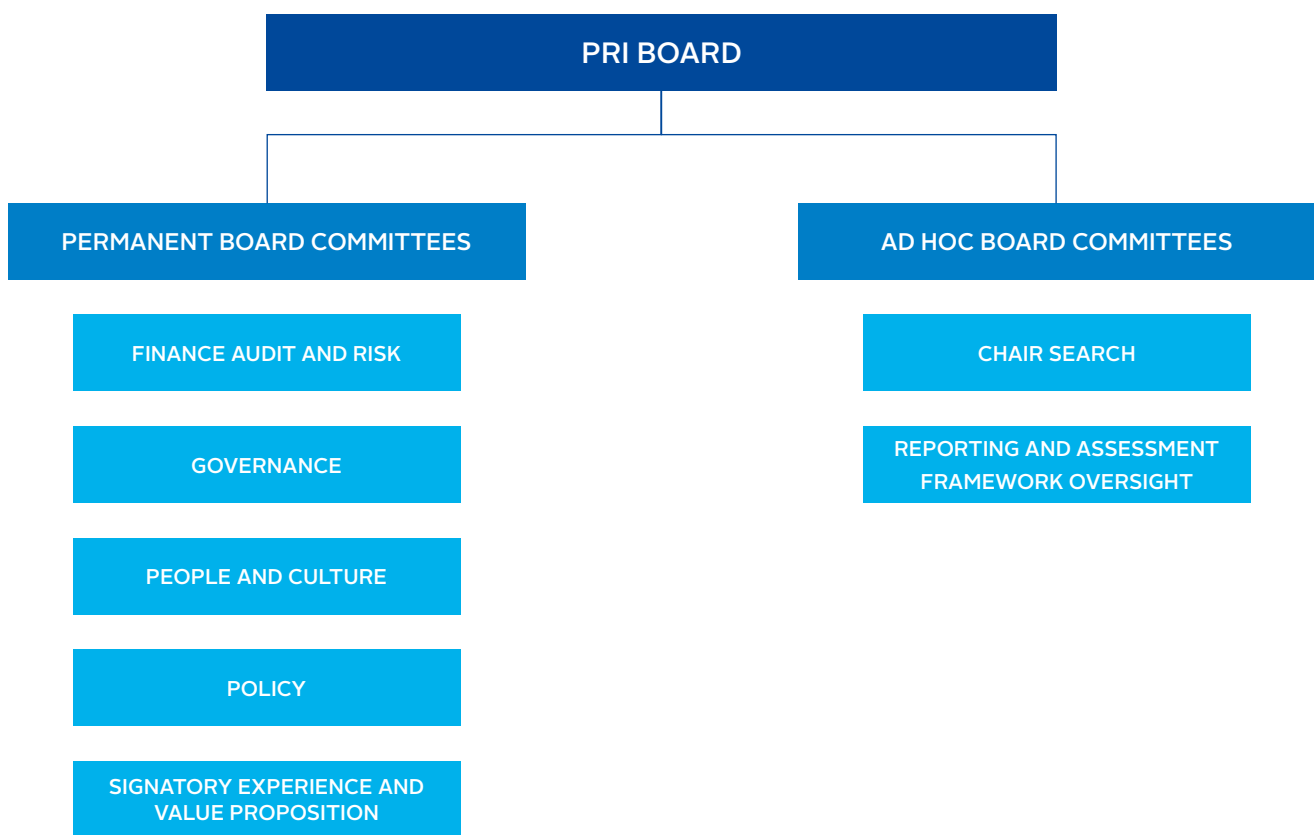
The Board has nominated [Conor Kehoe](#), and signatories will be invited to confirm the appointment during the annual elections process from 20 September 2023 to 1 December 2023. The new Chair's term would start on 1 January 2024.

For further detail, see the [Chair Search Committee report](#).

SUMMARY OF BOARD COMMITTEES' ACTIVITIES

The Board has five permanent committees and two ad hoc committees. The committees support the Board, such as by giving more time to specific issues, helping the overall Board to be more effective.

No powers are delegated to these committees; their role is to oversee issues and/or make recommendations to the Board. Each permanent committee has publicly available terms of reference.



COMMITTEE REPORTS

Below is a summary of the remits and work of each committee from 1 April 2022 to 31 March 2023.

COMMITTEE REFORM

As reported in the 2021/22 Board report, some changes were made to the Board’s committees in May 2022. The initial driver of the reform was to have a more signatory-focused committee, the Signatory Experience and Value Proposition Committee. The Board found this committee valuable during the PRI in a Changing World signatory consultation.

Summary of May 2022 committee changes:

2022/23 committees	Material changes compared to 2021/22
Permanent	
Finance, Audit and Risk	None
Governance	Remit expanded to include that of the former Signatory Status Committee.
People and Culture	Replaced the HR and Remuneration Committee. This change reflects the wider remit set out within the people strategy.
Policy	None
Signatory Experience and Value Proposition	A new signatory-focused committee.
Ad hoc	
Chair Search	Established to lead the Chair search process.
Reporting and Assessment Framework Oversight	None

CHAIR SEARCH COMMITTEE

Recruiting a Chair is a critical role of the Board that requires significant time and effort, so in July 2022 the Board established an ad hoc Chair Search Committee, led by Sharon Hendricks. The incumbent Chair is not part of the committee or decision-making process.

The committee appointed an executive search consultant to assist with a thorough, global search. The intention is for a new Chair to start their term on 1 January 2024, following the signatory confirmation vote.

The committee met five times in 2022/23, with discussions particularly focused on:

- **agreeing the roles and responsibilities in the process**, including the proactive global search led by the search consultant, the longlist interviews by the search consultant and shortlist interviews by the committee. (The Board will conduct the final interviews.)
- **discussing and drafting the Chair profile**, including the skills and experience required for the current stage of the PRI’s development, noting that the PRI and responsible investment landscape has changed dramatically since the appointment of the current Chair nine years ago.
- **discussing a search process that would encourage a diverse range of candidates** being considered for the role.

FINANCE, AUDIT AND RISK COMMITTEE

The Finance, Audit and Risk Committee assures the Board of the veracity of the financial statements, and of the strength, efficacy and appropriateness of risk management, compliance controls and control processes across the PRI.

The committee met four times in 2022/23, with discussions particularly focused on:

- **financial oversight**, including reviewing and challenging the financial plans and performance in the interest of long-term financial viability of the PRI. The committee reviewed the 2022/23 mid-year budget, management accounts, signatory fees for 2023, three-year forecast and the budget for the first half of 2023/24. The half-year budget was reviewed as the implementation of the target operating model will have an impact of the 2023/24 full year budget.
- **improving organisational effectiveness.** As communicated in last year's Board report, the externally led operational effectiveness review identified developing a refreshed target operating model that aligns with the strategic direction of the PRI as a priority. The committee discussions focused on the long-term financial sustainability of PRI, (under changing economic circumstances) and in light of the new operating model, and on strengthening governance, legal and risk arrangements, including establishing an internal audit function. The Executive will implement the new operating model in 2023/24.
- **the 2021/22 external audit**, and the 2022/23 audit process. After the end of the financial year the committee reviewed the 2022/23 external audit report and annual report and accounts. These were subsequently approved by the Board.
- **the operational risk register and compliance report.** The committee also had discussions on risks related to the proposed target operating model, I.T. systems control, Reporting and Assessment, PRI in Person and finance-related risks including high inflation, weak sterling and slowing signatory growth.
- **relevant PRI policies.** The climate, human rights and procurement policies were recommended for Board approval.

Terms of reference

GOVERNANCE COMMITTEE

The Governance Committee provides guidance to the Executive, and makes recommendations to the Board, on matters at both the Board and company level, including: guidelines, policies and practices; the PRI Board's effectiveness – including skills, diversity and expertise; Board elections; signatory categorisation; signatory accountability and any other issues around signatory status.

The committee met four times in 2022/23, with discussions particularly focused on:

- **the annual Board elections.** The 2022 election was for one asset owner position and one service provider position. For the asset owner position, the Board encouraged applications from candidates from emerging markets, and across both positions from candidates who identify as female or non-binary. Digital transformation skills, governance skills and demonstrated leadership in responsible investment were also sought. The committee considered diversity, equity and inclusion in the process, and how to ensure a broad range of candidates. The committee believes that diversity, particularly including a wide range of perspectives, can contribute to better Board decision-making. One candidate competed for one asset owner position and three candidates competed for one service provider position. Denísio Liberato, Previ (Brazil) and Rebeca Minguela, Clarity AI (USA) were elected to the asset owner and service provider positions respectively, for three-year terms. The committee was satisfied with the overall process and voter turnout in the 2022 election process.
- **reviewing formal complaints** received in the year, according to the [Serious Violations of the Principles policy](#). The recommendation was that the one complaint received did not warrant formal engagement or delisting.
- **implementing recommendations from the 2021/22 external Board review** and 2022 Board self-assessment process.
- **Board turnover**, and balancing the benefits of refreshment and new skills and experience with the risk that high turnover could lead to a loss of historic knowledge, skills and experience.
- **governance-related policies.** The committee discussed the Serious Violations of the Principles policy, noting the challenge of the PRI being a big tent organisation whilst needing to protect the integrity of the PRI and other signatories.

Terms of reference

PEOPLE AND CULTURE COMMITTEE

The People and Culture Committee ensures that the human resources and remuneration arrangements create a positive culture aligned to the PRI values. It also supports the recruitment, motivation and retention of employees – while complying with the requirements of regulatory and governance bodies, satisfying the expectations of signatories and remaining consistent with the expectations of the wider target employee population. The committee is also responsible for the CEO and Chair review processes.

The committee met three times in 2022/23, with discussions particularly focused on:

- **the annual pay review.** This was aligned with the reward policy for employees. The committee recommended the 2022 pay review for Board approval.
- **the Chair's working days and the Chair's annual review.**
- **CEO review.** The CEO's performance after six months in the role was reviewed and remuneration recommended for Board approval. It was agreed that the annual CEO review should be aligned with the financial year, so performance for 2022/23 is reviewed after the end of the financial year.
- **Chair search process.** The committee provided input on remuneration.
- **people and culture annual review.** The committee discussed the results of the employee engagement survey (the first since 2020). With 94% employee participation, the results provided rich data. People are proud to work at the PRI and have good team relationships. Areas in need of attention include feedback, careers, performance and greater clarity and direction on objectives and accountabilities.
- **diversity, equity and inclusion (DEI).** The committee recommended a new DEI strategy and policy to the Board for approval. Areas agreed as critical were transparency on success and areas for growth, visible commitment and the Executive Team leading by example.
- **employee turnover, risk, compliance, and human resources related law.**

Terms of reference

POLICY COMMITTEE

The Policy Committee provides strategic guidance on sustainable financial system, policy and market data work programmes, and guides the preparation of related content for the Board.

The committee met three times in 2022/23, with discussions particularly focused on:

- **the growth in policy work,** including an increase in both scope and complexity. The committee discussed increasing regional signatory engagement, earlier, clearer signalling of policy priorities and greater Board oversight. The committee was pleased with the creation of regional policy reference groups to help address some of the regional differences.
- **policy approach.** The committee agreed principles for handling sensitive policy issues. The signatory regional policy reference groups and/or global policy reference group are now consulted on all sensitive policy issues. The committee was also updated on the US policy strategy.
- **policy engagement,** including the pilot PRI-led sovereign engagement, on climate in Australia, which will act as a test for further PRI-led collaborative policy engagement.
- **new policy reforms,** including the EU Corporate Sustainability Due Diligence Directive (CSDDD). The PRI has engaged signatories and policy makers extensively on the CSDDD since February 2021, and had signatory feedback beyond the usual levels for financial policy reforms.

Terms of reference

REPORTING AND ASSESSMENT FRAMEWORK OVERSIGHT COMMITTEE

The Reporting and Assessment Framework Oversight Committee oversees the development of the new PRI Reporting and Assessment Framework, including: the objectives and purpose (within the wider context of signatory reporting requirements), the content and its strategic alignment, key signatory communications and the IT infrastructure (and related governance, risks, and dependencies).

This is an ad hoc committee established from November 2021, and expected to end in 2023 after the conclusion of the 2023 reporting cycle, or when the Board consider that the committee is no longer necessary.

The committee met seven times in 2022/23, with discussions particularly focused on:

- **signatory feedback.** The committee challenged the Executive to ensure the best user experience for signatories. This included ensuring signatory feedback from the 2021 pilot was addressed in 2023 reporting, advocating for alignment with other reporting, considering lessons learnt and improving signatory communications.
- **monitoring progress.** At every meeting the committee received a progress report from the Executive. The committee was pleased with the appointment of a Chief Reporting Officer (Chief Responsible Investment Solutions Officer under the new operating model), who joined the PRI in August 2022, strengthening operational management. The 2021 Transparency Reports and Assessment Reports were released in September 2022 and the 2023 Reporting Framework was published in January 2023, in advance of the reporting cycle opening later in the year.
- **assurance.** KPMG have continued to provide assurance to the committee on the progress of reporting. KPMG highlighted two key risks: planning and progress management; resource management. The Executive has put a number of measures in place to mitigate these. With internal governance and operational management now stronger, KPMG's role is expected to end after the reporting cycle.

- **the changing reporting landscape.** The committee recognises that as the reporting landscape has changed over recent years, so has the reporting effort for signatories. The committee discussed establishing a programme of work to better understand and address the duplication of requirements that signatories face across different reporting frameworks. A proof of concept will determine, in collaboration with signatories, equivalent reporting requirements in areas where signatories have identified a significantly increased reporting effort – with the results ultimately intended to inform the Reporting Framework as a whole. The project will initially look at the UK Stewardship Code and the Task Force on Climate-related Financial Disclosures (TCFD) (focusing on the UK, EU and Hong Kong – regions in which regulation has been adopted that builds on the TCFD).

Terms of reference

SIGNATORY EXPERIENCE AND VALUE PROPOSITION COMMITTEE

The Signatory Experience and Value Proposition Committee was established in May 2022, as a more signatory-focused committee, to complement other committees focused on the operations of the Board and the Executive.

The committee met three times in 2022/23, with discussions particularly focused on:

- **the PRI in a Changing World signatory consultation.** The committee discussed and shaped the key themes of the signatory consultation. The committee's perception is that signatories were very engaged in the consultation, particularly on the diverse expectations of responsible investors, the role of the PRI and how the PRI can support signatories in their local markets. The committee will continue to support the Board on delivering the consultation outcomes.
- **an initial draft progression pathways framework.** The committee stressed the need to work collaboratively with signatories on developing the framework, which it felt could be a key anchor point of the signatory experience and value – recognising the diversity of signatories' approaches to responsible investment, and enabling them to learn and progress over time.

Terms of reference

PRI BOARD ATTENDANCE

Directors are expected to participate in every meeting, and the minimum number of planned meetings a Director is required to participate in is set out in the [Directors' Terms of Reference](#). Directors are expected to participate in every meeting of any committee they are appointed to, and at a minimum must participate in a majority of meetings of that committee in a calendar year.

JANUARY – DECEMBER 2022

	Board	Board Committees							
		Chair Search	Finance, Audit and Risk	Governance	People and Culture	Policy	Reporting and Assessment	Signatory Experience and Value Proposition	Signatory Status
Number of meetings	10	2	5	3	3	3	7	2	1
Scott Connolly	9/10		3/3	2/3				2/2	1/1
Wendy Cromwell	10/10		2/2			2/2	7/7		
Eva Halvarsson	8/10		4/5		3/3				
Sharon Hendricks	7/10	2/2		3/3	3/3				
Michael Jantzi	10/10			2/2		1/1	6/7	2/2	1/1
Takeshi Kimura	9/10		3/3	2/2		3/3			1/1
Wilhelm Mohn	10/10		5/5				6/7		
Renosi Mokate	9/10	2/2			3/3			2/2	
Sanda Ojiambo	1/10	2/2		0/3					
Martin Skancke	10/10								
Tycho Sneyers	7/10	2/2		3/3				2/2	0/1
Laetitia Tankwe	9/10					3/3	7/7	1/2	
Eric Usher	6/10					3/3			

JANUARY – MARCH 2023

	Board	Board Committees						
		Chair Search	Finance, Audit and Risk	Governance	People and Culture	Policy	Reporting and Assessment	Signatory Experience and Value Proposition
Number of meetings	2	3	1	1	1	1	2	1
Scott Connolly	2/2		1/1	1/1				1/1
Wendy Cromwell	1/2					1/1	2/2	
Sharon Hendricks	2/2	3/3		1/1	0/1			
Takeshi Kimura	2/2		1/1	1/1		1/1		
Denísio Liberato	2/2		1/1			1/1		
Rebeca Minguela	2/2			1/1				1/1
Wilhelm Mohn	2/2		1/1		1/1		2/2	
Renosi Mokate	2/2	3/3			1/1			1/1
Sanda Ojiambo	2/2	3/3		1/1				
Martin Skancke	2/2							
Tycho Sneyers	2/2	3/3		1/1				1/1
Laetitia Tankwe	2/2					1/1	1/2	1/1
Eric Usher	2/2							

2023 SIGNATORY GENERAL MEETING

The PRI wants to encourage an active dialogue between signatories and the Board. The annual general meeting of signatories – the Signatory General Meeting (SGM) – is an important forum for communication between the Board and signatories.

The 2023 SGM will be held on 13 September 2023, online. To accommodate the PRI's global signatory base, the SGM will run twice, at, 08:00-09:30 British Summer Time (BST) and 17:00-18:30 BST.

The SGM is an opportunity for the Board to report to signatories on:

- the PRI's strategy and its implementation;
- the work undertaken by the Board and its committees;
- results of the annual review of the functioning of the Board;
- forthcoming Board elections;
- formal consultations;
- any other business.

The PRI sought input from signatories in June 2023 by inviting signatories to contribute any agenda items and resolutions to be put to a vote. No agenda items or resolutions were received by the deadline of 13 July.

We have allocated time in the meeting for signatory questions. Questions can be asked live during the meeting, although where possible signatories are asked to submit questions in advance, particularly any detailed financial or legal questions. This should be done by email to governance@unpri.org, by 6 September.

AGENDA

1. **PRI BOARD REPORT**
Martin Skancke, Chair, PRI Board
2. **MANAGEMENT AND FINANCIAL REPORT**
David Atkin, Chief Executive Officer
Cathrine Armour, Chief Responsible Investment Solutions Officer
Nathan Fabian, Chief Sustainable Systems Officer
Esther Teeken, Chief Operating Officer
Tamsin Ballard, Chief Initiatives Officer
Rose Easton, Interim Chief Responsible Investment Ecosystems Officer
3. **SIGNATORY VOTING, PRI BOARD DIRECTOR ELECTIONS AND PROPOSED NEW CHAIR**
Martin Skancke, Chair, PRI Board
4. **Q&A**
Martin Skancke, Chair, PRI Board
David Atkin, Chief Executive Officer
Cathrine Armour, Chief Responsible Investment Solutions Officer
Nathan Fabian, Chief Sustainable Systems Officer
Esther Teeken, Chief Operating Officer
Tamsin Ballard, Chief Initiatives Officer

For more information on the online SGM and how to participate, visit the [SGM 2023 website](#).

Signatories approved the [2022 SGM minutes](#) via an online vote last year, alongside the PRI Board election vote.



2023 SIGNATORY VOTING

As a membership organisation, to continue to thrive the PRI needs to engage signatories with relevant work and activities. Likewise, it is important for signatories to remain engaged and active in our governance.

From 20 September 2023 to 1 December 2023, signatories will be invited to vote on various elements of PRI governance.

Online signatory voting opens on 20 September. Signatories will receive a voting ballot via email. Please make your vote count.

The table below shows the voting opportunities available to signatories in each category.

	Asset owners	Investment managers	Service providers
Vote for three asset owner representatives in the PRI Board election	✓		
Vote for one investment manager representative in the PRI Board election		✓	
Vote to confirm the appointment of the Chair	✓	✓	✓
Vote to receive the PRI Annual Report and Accounts ²	✓	✓	✓
Vote to approve the Signatory General Meeting minutes	✓	✓	✓
Vote to approve amendments to the Articles of Association	✓	✓	✓

SIGNATORY RIGHTS

Signatory rights are enshrined in the [Articles](#).

Signatories have the right to:

- approve amendments to the Articles and Principles;
- nominate candidates for, and vote in, Board elections;
- confirm the appointment of the Chair;
- receive the annual accounts;
- confirm the appointment of the auditor;
- approve the minutes of an SGM;
- formal consultation;
- call for an extraordinary election of directors;
- propose a non-binding resolution.

See more information on [signatory rights](#).



² Vote to receive the [PRI Annual Report and Accounts](#). The PRI will lay before each Signatory General Meeting (SGM) the Company's latest annual accounts; any reports that the Company or its officers are required to make in respect of such accounts; and (unless the Company is at such time exempt from audit) the auditor's report on those accounts and reports. The Company will provide the Signatories with an opportunity to receive such reports and accounts by way of a vote carried by a simple majority of those voting in an Electronic Poll.

The PRI Executive is responsible for preparing the annual accounts. The Finance, Audit and Risk committee has oversight of the financial reporting and audit processes and regularly reports to the Board. The audited PRI annual accounts are approved by the PRI Board and signed by the Chair. All PRI signatories have information rights and have the right to vote to receive the annual report and accounts. Signatories are not asked to approve the accounts. Signatories can ask questions on matters which are related to the accounts. The PRI Association is a company limited by guarantee and does not have a share capital. Since the PRI does not have shareholders, it does not require its accounts to be approved by the shareholders.

The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: www.unpri.org



The PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org



United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

More information: www.unglobalcompact.org

