

PRI ASSOCIATION BOARD DIVERSITY POLICY

Approved by the PRI Board in September 2016.

The PRI is committed to promoting and encouraging diversity both in the work that it undertakes, promoting the implementation of the Principles, and in the Company's own operations, the PRI Association Board (the **Board**) and Executive, in the belief that diversity contributes to a high performing organisation.

The PRI believes in equality, diversity and inclusion as core values and places all its policy development in the context of the objectives of:

- ensuring that all individuals who come into contact with the PRI, whether as employees, contractors, consultants, signatories or in other capacities, are treated with dignity and respect,
- ensuring that the opportunities the PRI provides for learning, personal development and employment are made available on a non-discriminatory basis,
- providing a safe, supportive and welcoming environment for colleagues and visitors alike.

The PRI seeks through all its policies and actions to be a genuinely inclusive organisation. The objective is to integrate the principles of equal treatment and promotion of diversity into all aspects of the PRI's day-to-day life.

The Articles of Association of PRI Association (the **Articles**) require that the Directors must devise and publish on the Company's website certain rules and policies, including a diversity policy with respect to the Company, the Board, the Company's executives and the Company's dealings with third parties (the **Diversity Policy**).

The Directors may, from time to time, make such other rules as they may deem necessary or convenient for the proper conduct and management of the Company, including on diversity, provided that no rule will be inconsistent with anything contained in the Articles, but in the event of any inconsistency, the Articles will prevail.

RELEVANT ARTICLES

Article 10: Election of Directors, appointment of Chair and Term of Office

Diversity

- 10.9 The Directors will seek to promote diversity of the Board through engagement with Signatories, the UN Global Compact and the UNEP Finance Initiative (or their respective successor agencies within the United Nations) and the Company's executives, by adoption of the Diversity Policy and appropriate Election Rules and by such other means as they deem appropriate.
- 10.10 In the case of any Annual Election or Mid-Term Election, the Board may, in respect of one or more of the vacancies to be filled, prescribe eligibility requirements for candidates wishing to stand for election as Directors additional to the other eligibility requirements of

Article 10.2 with a view to setting high leadership standards and enhancing the collective skills and/or experience and/or diversity of the Board. Such additional eligibility requirements will be prescribed in accordance with the guidelines provided in the Election Rules.

- 10.11 If, in the case of any Annual Election or Mid-Term Election, the Board prescribes additional eligibility requirements in accordance with Article 10.10, the Board will notify the Signatories of such requirements and the reason(s) for them before the relevant period for nomination opens.

Article 19: Rules and Policies

19.1 The Directors must devise and publish on the Company's website:

- 19.1.5 a diversity policy with respect to the Company, the Board, the Company's executives and the Company's dealings with third parties (the **Diversity Policy**).

DIVERSITY POLICY

Board diversity

1. PRI signatories acknowledge that the organisation's PRI Association Board (the **Board**) needs to be appropriately representative of the diversity of PRI signatories in order to generate effective debate and discussion around the key issues that the Board considers, and to deliver the broadly-founded leadership that the initiative deserves.
2. This necessary diversity encompasses a sufficient mix of relevant skills, competence, and diversity of perspectives; it may include but is not limited to:
 - 2.1. geographical diversity of signatory representation to bring regional knowledge and perspectives to the Board;
 - 2.2. diversity of geographical origin, ethnicity, language and culture, and also gender diversity.
3. Diverse board composition in these respects is not on its own a guarantee. Diversity is as much about differences of approach and experience, and it is very important in ensuring effective engagement with key stakeholders in order to deliver the strategy.
4. This broadly-understood diversity should deliver a breadth of views and vision leading to appropriate challenge and discussion of the issues brought before the Board, and should limit the danger of so-called groupthink.

Board composition

5. The Board is constituted of:
 - 5.1. seven Directors from Asset Owner organisations who have been elected by Asset Owner Signatories;
 - 5.2. two Directors from Investment manager organisations who have been elected by Investment Manager Signatories;
 - 5.3. one Director from a Service Provider organisation who has been elected by Professional Service Provider Signatories; and
 - 5.4. one Director, who has been nominated by the Directors to serve as the Chair and has had such nomination confirmed by the Signatories.
6. All Board directors are subject to signatory vote and therefore it is the signatories who ultimately decide the composition of skills, experience and diversity on the Board, within the

eligibility requirements of the Articles. The PRI can promote diversity through guidance, communication, additional eligibility requirements and other measures to promote diversity.

Responsibility

7. The Board (and Board committees) should have the appropriate balance of skills, diversity, experience, independence and knowledge of the organisation to enable it to discharge their respective duties and responsibilities effectively.
8. The Chair is responsible for the leadership of the Board and for ensuring its effectiveness on all aspects of its role. In this role the Chair is responsible for measures to promote a Board with the appropriate skills, experience and diversity to carry out its duties effectively.

Board reviews

9. The Directors must carry out their own annual review, as set out in the Articles either by self-assessment or an external independent assessment, of the functioning of the Board, and of the performance of each Director. The Chair must report the results of the annual review to the next SGM following the review.
10. Evaluation of the board should consider the balance of skills, experience, independence and knowledge of the company on the board, its diversity, including gender, how the board works together as a unit, and other factors relevant to its effectiveness.

Measures to promote Board diversity

11. The Directors will seek to promote diversity of the Board through engagement with Signatories, the UN Global Compact and the UNEP Finance Initiative (or their respective successor agencies within the United Nations) and the Company's executives, by adoption of the Diversity Policy and appropriate Election Rules and by such other means as they deem appropriate, such as additional eligibility requirements for election candidates.
12. It is the responsibility of the Board to communicate to signatories the skills, experience and diversity required on the Board, both for the decision making of potential election candidates and the voting signatories.
13. The election ballot will state, if required, how the candidates for the additional eligibility requirement position(s) are eligible for that specific position.
14. Other measures to promote the relevant skills, experience and diversity may include:
 - a) Utilising the annual Board assessment results to identify key skills or experience to be requested in the election notice for potential candidates and / or ask signatories to reflect upon the identified key skills or experience gaps when considering the election candidates.
 - b) Identifying diversity gaps on the Board and highlighting to signatories at the formal notice of the election process;
 - c) Asking signatories to consider diversity when voting for candidates;
 - d) Maintaining a 'registry of interest' of potential candidates that have declared an interest to the PRI in serving on the PRI Board; and / or
 - e) Proactive outreach to the signatory base, through local and regional networks, to familiarise potential candidates with the Board role and requirements.

Board debate and committees

15. Board diversity is as much about the culture within the boardroom and acceptance of diversity of views, as it is about diversity (gender or otherwise) around the boardroom table. It is the role of the Chair to ensure that such diverse Boards contribute effectively to an active debate.

16. In appointing the members of its various committees, the Chair and Board will also keep in mind the need for appropriate diversity.

Employee diversity

17. The PRI believes that a diverse workforce contributes to a high performing and effective organisation and contributes towards the PRI being a leading employer within its sector.
18. The PRI strives to attract, hire and provide challenging and fulfilling careers for talented individuals with diverse backgrounds and experiences, irrespective of ethnicity, gender, sexual orientation and religion.
19. The Board is responsible for oversight of the implementation of human resources policies to promote diversity.

Reporting and accountability

20. A section within the annual report should describe work undertaken by or on behalf of the Board to promote diversity, including the processes to promote diversity on the Board. This section should include a brief description of the Board's policy on diversity, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

Review

21. At least once every two years the Board will review and revise as necessary the PRI Association Board Diversity Policy.