

TPI GOVERNANCE STRUCTURE

Valid 2020-2025, to be reviewed no later than 2024

TPI governance

Please note that this document is a short version of the TPI Governance. For the full version of the document please contact us at tpi@unpri.org

Purpose

The TPI is an asset owner initiative that has created a public online tool to track the management quality and future carbon performance of companies in high carbon impact sectors.

In assessing the preparedness of companies for the transition to a low-carbon economy, the TPI evaluates and publishes analysis of:

- the quality of companies' management of their greenhouse gas emissions and of risks and opportunities related to the low-carbon transition; and
- how companies' future carbon performance would compare to the international targets and national pledges made as part of the Paris Agreement.

The TPI was developed by the Environment Agency and Church of England National Investing Bodies in partnership with the Grantham Research Institute of the London School of Economics and Political Science, and is managed by the Principles for Responsible Investment Association ("PRI").

TPI Steering Group

The Transition Pathway Initiative (TPI) is governed by the TPI Steering Group as set out in the collaboration agreement between the Environment Agency, the Church of England Pension Board and the PRI ("**Collaboration Agreement**").

The TPI Steering Group consists of representatives from asset owners who are significant sponsors¹ of the initiative and is jointly chaired by two co-chairs: one designated by the Environment Agency and one designated by the Church of England Pension Board. Expert and other partners can also be invited by the Steering Group to co-opt representatives to the TPI Steering Group to get the diversity of views needed to achieve the strategic objectives of the Initiative. TPI's academic, data partners and secretariat representatives are ex officio members of the Steering Group.

The Steering Group is collectively responsible for the long-term success of the TPI, in particular:

- approves the long-term strategy of the Initiative
- approves, in conjunction with the PRI, the annual budget and business plan and monitors the project performance against it
- approves research funding partners
- approves the appointment of research and data partners for the TPI
- approves investor initiative partners to the TPI
- approves the appointment of a Secretariat
- approves the policy regarding the use of the TPI logo

Each asset owner organization on the Steering Group has one representative² and one vote. Where one of the co-chairs is leading the meeting, an additional representative from that organization can attend to represent their organizational view, allowing the chair to remain neutral (this would not impact on one organization, one vote). The quorum for Steering Group decisions is the presence of one co-chair and 50 percent of the asset owner representatives as a minimum. If this minimum quorum is not present, decision has to be postponed to next ordinary or an extra-ordinary Steering Group meeting. Decisions shall be taken with a view to achieve consensus. However, a simple majority shall be sufficient on any decision that requires a vote.

¹ Either financially with a minimum yearly contribution 2020-2025 in accordance with the amount stipulated in the TPI business plan, and/or in kind.

² Alternates are allowed

TPI Representatives

Terms of reference of roles

TPI Co-Chairs

TPI has two co-chairs; one designated by the Environment Agency and one designated by the Church of England Pension Board. The two co-chairs are jointly responsible for

- the assurance and oversight of the initiative
- the performance of the strategic partners
- the appointment of a Director
- the TPI Summit

TPI Director

The TPI Director is appointed by the two co-chairs.

The TPI Director is responsible for

- the implementation of the strategy
- the day to day management of the initiative within the context of the business plan (in close cooperation with the two co-chairs)

TPI Regional Vice-Chairs

Regional Vice-Chairs are designated by the Steering Group.

TPI Regional Vice- Chairs are

- TPI “Champions”
- Promoters of TPI in their regions³

TPI Ambassadors

TPI Ambassadors are designated by TPI Asset Owner supporting organizations. They are:

- Senior Executives, Chairpersons or board members of a TPI Asset Owner supporter
- Promoters of TPI at public events and in the media

PRI's duties and obligations

The TPI initiative is housed and managed within the PRI. The PRI shall undertake all necessary contracting, budgeting and reporting, including contracts relating to data and research.

³ To be local press representatives, making TPI presentations and/or organizing local events.

TPI's Strategic Relationships

Academic partners⁴

TPI's lead academic partner is the [Grantham Research Institute on Climate Change and the Environment](#) of the London School of Economics (LSE). LSE has been appointed as academic partner for 2020 to 2025. LSE is responsible for the development of the assessment framework and hosts the online tool.

Data partners⁵

[FTSE Russell](#) is the TPI's data partner. FTSE Russell has been appointed as data partner for 2020 to 2025. FTSE Russell is a leading global provider of benchmarking, analytics solutions and indices owned by the London Stock Exchange Group.

For the TPI, a subset of FTSE Russell's ESG ratings are used, measuring the environmental, social and governance controls and performance of companies, and enabling evaluation of the management quality framework within each.

Investor collaborations⁶

[PRI](#), Principles for Responsible Investment, manages and provides supporter coordination and communication for the TPI for 2020 to 2025. The PRI is an international network of investors implementing the six Principles for Responsible Investment. It works independently to understand the investment implications of environmental, social and governance (ESG) factors and to support its global network of investor signatories in incorporating these factors into their investment and ownership decisions.

IIGCC, Institutional Investor Group on Climate Change and CA100+, Climate Action 100+ are two other key relationships of the initiative, using and promoting TPI analysis.

⁴ Becoming academic partner is subject to the approval of the Steering Group.

⁵ Becoming data partner is subject to the approval of the Steering Group.

⁶ Becoming a key investor initiative partner is subject to the approval of the Steering Group.

Supporters

Public supporters of the initiative have committed to use the output of the TPI as they deem appropriate to inform their actions – be that assessing risk as part of investment decisions, and engaging with companies directly, with fund managers and policy makers. TPI does not prescribe any action in particular.

An annual financial summary will be posted on the website.

Asset Owners

To become a public asset owner supporter of the initiative requires a formal statement from a Senior Executive to use the output of the TPI as they deem appropriate to inform their climate change actions.

Non Asset Owner organization

Non Asset Owner organizations can become public supporters of the initiative. Because of potential commercial aspects of these businesses, formal support from these organizations requires a due diligence process. The due diligence process is performed by the TPI co-chairs and/or TPI director.

Becoming a public supporter requires that the organization demonstrates a clear commitment of climate change integration in their businesses and a formal statement from Senior Executives to use the output of the TPI as they deem appropriate to inform their climate change actions. Becoming a supporter is subject to the approval of the TPI co-chairs.

Research Funding Partners

A limited number of organizations can become Research Funding Partners. Because of the commercial aspect of these businesses, becoming a Research Funding Partner requires a due diligence process. The due diligence process is performed by the TPI co-chairs and/or TPI director.

Becoming a Research Funding Partner to TPI requires that the organization demonstrates a deeper commitment to climate change and provides the TPI with financing, thus enabling the analysis behind the initiative's publications and their free availability. Becoming a Research Funding Partner is subject to the approval of the Steering Group.

Technical Advisory Group

A [Technical Advisory Group](#) (TAG) guides TPI's assessment work. The TAG is appointed by TPI's academic partner. The Group's expertise ranges from academia, asset management to other relevant fields. It undertakes regular reviews of the methodology and provides technical advice regarding TPI's evolution.

The group is chaired by a professor from TPI's academic research partners. The Chair of the Technical Advisory Group makes decisions of change of methodology in consultation with the group. It is the responsibility of the Steering Group to ensure that the methodology and research is relevant to the TPI strategy.