

# Global Principles for Sustainable Securities Lending Progress Report 5/2020

Governance decision

Strategic appointment



This decision was made by Dr Radek Stech (CEO)  
in collaboration with key stakeholders on 2nd November 2020.

Date: 2 November 2020

## GOVERNANCE DECISION AND STRATEGIC APPOINTMENT

Dear Stakeholders,

I described the two types of workstreams that Global PSSL will run in our Strategic Themes for Global PSSL white paper (p.13). The Foundation Workstream will develop and evolve Global PSSL as a market standard, while Focussed Workstreams will identify and explore additional impact areas in the long-term. These Focussed Workstreams will complement the efforts of the Foundation Workstream while allowing it to concentrate on its broader mandate. This has also been mentioned briefly in the Terms of Reference for observers.

Fostering an excellent relationship between fund managers and securities lending experts is one of the priorities for Global PSSL. The theme on interconnectedness states:

“More than ever, fund managers need to coordinate with securities lending providers to develop practices that complement the fund managers’ ESG policies and objectives.” (p.5)

The Impactful theme then offers additional insights:

“When undertaken in line with the highest sustainability standards, it [securities lending] can add value to the primary impact investing undertaken by fund managers.” (p.10)

Against this policy background, I have recently engaged with several stakeholders that shape our initiative. I spoke with the team at PGGM, and agreed with Roelof van der Struik when he emphasised that sustainable securities lending forms part of the sustainable finance value chain. Roelof van der Struik was also keen to take a leadership role in moving this agenda forward, through an actionable and impactful focussed workstream. I thanked Roelof for his suggestion whilst acknowledging the critical role he had played in advancing the sustainable securities lending agenda (e.g., as evidenced by the effort he has put in to developing PSSL with me since 2018).

I’ve decided to recommend focussed workstreams as part of the governance structure. I invited Roelof van der Struik to chair the workstream on ‘Global Engagement, Governance and Stewardship’ which would explore the relationship between fund managers and securities lending experts by drawing on the strategic themes and incoming Global PSSL principles (e.g. voting).

I am delighted to let you know that Roelof agreed to chair this workstream and I will be working with him very closely to support this important effort. I confirm that we do have interest from other key stakeholders who will be contributing to the workstream in due course.

I’ve attached the terms of reference for focussed workstreams below. I will soon be establishing the terms of reference for the Executive Committee and the College of Advisors for Global PSSL.

Thank you all for your ongoing commitment.

Kind regards,



Dr Radek Stech, Global PSSL CEO



## Global PSSL Terms of Reference

### 1. Purpose

This document describes the basic format and objectives of the focussed workstreams.

### 2. Objectives

Focussed workstreams are separated from the main work on the Global PSSL market standard and aim at providing an underlying evidence base for sustainable securities lending/sustainable finance. Such workstreams are long-term activities and offer an opportunity to push the boundaries of the sustainable finance agenda.

### 3. Leadership

Focussed workstreams are run by Global PSSL CIC in line with the requirements of [the community interest](#). The Global PSSL CEO nominates a Chair(s) and, together with the Secretariat, supports the work of the Chair(s), and ensures the work is done within the requirements of the Global PSSL community interest test.

### 4. Workstream Meetings

As a general guide, it is expected that workstreams will formally convene three times per year. The Global PSSL Secretariat will arrange the meetings, provide minutes to members shortly thereafter, and assists Chairs in issuing impactful progress reports.

During the intervening periods, the CEO will encourage regular interaction by email/phone to build upon these relationships and maintain visibility of progress.

### 5. Format and Use of Technology

The Global PSSL CEO recommends that formal meetings take place through closed video-conferencing to enable screen share for optimal impactful progress. Depending on the number of attendees and the strength of participants' Internet connection, some might prefer to attend as voice call only.

### 6. Impartiality

The workstream Chairs shall act on an impartial basis by focusing on global interests. They must emphasise joint community interest for sustainable securities lending. Chairs commit to working with the Global PSSL CEO and reporting on their progress through joint progress reports and in the Global PSSL Annual Report.



## Global Principles for Sustainable Securities Lending

### 7. The term

The workstreams are long term without an expiry date. Chairs commit to an initial three-year term, with an optional two-year extension if mutually agreed upon with the CEO. Chairs can nominate additional co-chairs and deputy Chairs that must be approved by the Global PSSSL CEO.