

PRI STRUCTURED PRODUCTS ADVISORY COMMITTEE TERMS OF REFERENCE

INTRODUCTION

The PRI's signatories and partners are its greatest strength. Advisory committees and working groups provide opportunities for key stakeholders to convene, share knowledge and collaborate for change and impact. Through work with these groups, the PRI Executive ('Executive') aims to deliver practical, action-oriented research, tools, events and support to investors globally.

This document is the terms of reference for the PRI Structured Products Advisory Committee (SPAC). Similar to other PRI advisory committees, SPAC will be made up of representatives from PRI signatories.

The broad objectives of the SPAC are to:

- Advise PRI on its program to identify how ESG factors are considered when investors allocate capital to structured products or when these are originated.
- Promote more systematic and transparent incorporation of ESG factors in investment decisions in structured products.
- Work with the various expert working groups PRI will set up to address ESG consideration in structured products.
- Review and advise on material to be published as part of this workstream.
- Support outreach and awareness raising efforts for this workstream.

ROLE OF THE ADVISORY COMMITTEE

All the workstream's objectives should be specific, measurable, achievable, relevant, and time-bounded. Suggested objectives for the next strategic phase of the workstream include:

- Help identify three-four types of structured products to focus on in the first year or work.
- Improve understanding of different approaches to integrating ESG factors in structured products valuations and, if these are scarce, identify barriers.
- The role of engagement with the originators and the fund raisers.
- Identify and share examples of best practice and thought leadership on ESG integration on structured products.
- Engage with other key stakeholders including regulators, banks and issuers to raise awareness of the importance of ESG factors in the assessment of structured products.

NOTES ON MEMBERSHIP

Target composition and tenure

- Target composition is a 10-member SPAC.
- The SPAC should comprise PRI signatories who are expert on structured products.
- Initial terms for the SPAC will be for the one-year life of this project. If the project then continues beyond the year, PRI will review the length of standard terms as well as the SPAC composition.
- Members may be replaced by an appropriate colleague at the PRI's discretion.
- PRI will select an investor to chair the SPAC once members have been selected.

Appointing members

- The Executive will publicise new membership opportunities, if they arise, including the criteria for appointment of new members and timelines. This will be done via updates in the PRI monthly newsletters.
- With regards to composition, the Executive will aim at participants with relevant skills in this field, as well as ensuring reasonable diversity in terms of the scale and region of their member organisations. Compatibly with the above criteria, the Executive will also aim at diversity of representation between the SPAC and other PRI advisory committees.
- Representatives should hold relatively senior positions within their organisation.
- Member organisations will be selected on the strength and engagement of their representative. They will ideally have demonstrated proactive interest/a history of activity in structured products origination and investing, leadership in responsible investment (including connections with FI associations and other relevant industry associations).

RESPONSIBILITIES

The PRI Executive commits to:

- Convene, administer and facilitate SPAC meetings and activities; keeping the SPAC members updated on project activities between meetings.
- Provide expertise from either internal or external sources, convening, facilitating and co-creating working groups with members.
- Support SPAC members by providing background material for outreach and research activities.
- Managing and delivering project outputs including reports and events; setting out the guidelines for the operations of a project, including the establishment of a dedicated working group if required.
- Coordinating communication on the activities of the structured products workstream to signatories; making SPAC meeting minutes available, if requested, once approved by the SPAC; keeping all references to SPAC membership updated on the PRI signatory portal.
- Managing communication flow with sub-committees, if any, and PRI regional networks on the activity of the workstream.
- Overseeing SPAC composition: reviewing commitment and tenure, managing the application process for open positions.

The ACCR chair commits to:

- Designate enough time to fulfil project goals (estimated at a minimum of five hours per month).

- Work with the Executive to provide leadership to the SPAC, as needed.
- Regular one-hour meetings with the PRI Executive (in person or by phone, minimum every six weeks) to discuss progress of the project and prepare for SPAC meetings.
- Provide the Executive with guidance on overarching strategy.
- Attend and chair SPAC meetings.
- Two people can share the chairing role.

ACCR members commit to:

SPAC members are expected to act in an advisory role to the PRI Executive. Members agree to commit sufficient time to promoting and participating in the work stream/local network. Estimated time commitments for SPAC members are at least two hours per month plus at least ten one-hour conference calls per year (or 50% of the planned calls at the start of each calendar year).

Typical responsibilities may include, but are not limited to:

- Regular guidance/feedback to the Executive on relevant issues. This may include providing advice/feedback on outputs such as publications and toolkits.
- Regular one-hour meetings with other members of the SPAC (in person or by phone, roughly every month) to discuss developments and how to advance the project.
- Appointing and informing the Executive of a suitable substitute, in case a member is unable to attend a meeting, or reach out by phone or email to the Executive to get an update, after reading the meeting's minutes.
- Executing any action point following the SPAC meeting in a timely fashion, including providing written feedback, when required, by answering ad hoc surveys.
- Keeping the Executive informed of voluntary speaking commitments on behalf of PRI related to the structured products workstream. The Executive can provide support in the form of background research and presentation slides.
- Outreach and engagement with peers on work related to the structured products workstream on behalf of PRI. The Executive can provide support in the form of background research and pitching material.
- All SPAC members are welcome to undertake additional work, for example, drafting documents and participating in working groups if their schedules enable them to do so.

ACTION PLAN AND TIMELINE

An action plan with suggested time frames and milestones will be established at the first advisory committee meeting of each year. The plan will be evaluated during the last meeting of each year.

CODE OF CONDUCT, CONFIDENTIALITY AND PUBLIC COMMUNICATIONS PROTOCOL

- SPAC meetings should proceed only if a majority of members can attend (in person and/or on the phone). Due to regional time differences, separate calls may on occasion be held with members unable to join the meetings.
- The proactive involvement of signatories is important to the success of the group. The Executive may cancel individual signatories' participation and invite other interested signatories to participate if the required level of commitment is not demonstrated.

- Signatories must refrain from using these forums for explicit commercial purposes and should focus on furthering the goals and objectives of the project. Failure to meet these requirements may also lead the Executive to cancel member participation.
- Advisory Committee members are welcome to advertise their participation in other forums such as LinkedIn.

CONTACT

If you would like to learn more about the SPAC, please contact carmen.nuzzo@unpri.org.

Carmen Nuzzo, Head of Fixed Income, PRI

Email carmen.nuzzo@unpri.org

Tel. +44 (0)20 3714 3182