

LISTED EQUITY ADVISORY COMMITTEE: TERMS OF REFERENCE

1. Introduction

PRI's signatory groups play an important role in many of PRI's work streams. PRI Executive (Executive) convene important signatory groups, such as advisory committees (formerly known as 'steering committees') and working groups (together known as 'signatory groups'), to support PRI in delivering the PRI Strategy and annual business plan.

At the end of 2014 it was decided to transition the Listed Equity Integration Working Group to Listed Equity Advisory Committee (LEAC). The key purpose of the LEAC is to advise the PRI Executive on the development of the Listed Equity work stream. The LEAC will have input on the work plan and monitor its implementation.

This document outlines key details of the LEAC including participant details and commitments.

2. Objectives

The LEAC will oversee projects carried out by the committee itself or by its subcommittees that explore the different ways in which shareholders can implement the Principles for Responsible Investment.

In practice this includes:

- Supporting asset owners and investment managers in their implementation of the Principles. Support can be delivered in many forms, including sharing of good implementation practices in active and passive investment strategies, and supporting long-term investment agenda.
- Providing thought leadership on responsible investment in listed equities;
- Mainstreaming responsible investment, including breaking down the barriers to integration.
- Collating and reviewing examples of integration by asset owners and investment managers.
- Promoting responsible investment in listed equities among signatories and non-signatories by participating at events and engaging with industry stakeholders, industry associations and financial education providers.

These goals can be refined over time and must be approved by participants.

3. Membership

Advisory committee members are appointed by the PRI based on their proactive interest, ability to contribute expertise, history of activity in the relevant area, leadership in the responsible investment world, jurisdiction and diversity of the group.

Other factors that will be taken in consideration when recruiting members are the size and composition of the advisory committee. PRI will endeavour to meet the following guidelines:

- 8-15 members.
- Membership to be representative of the signatory base and ensure reasonable asset owner representation. A maximum of 2 service providers may join the committee, subject to PRI's discretion.
- The geographic distribution of members to be representative of the signatory base.
- Members should be relatively senior within their organisations, preferably with investment experience.

4. Responsibilities

Advisory committee members

Members of the advisory committee agree to commit sufficient time to promoting and overseeing the work stream.

Typical responsibilities may include, but are not limited to:

- The advisory committee will have a minimum of three conference calls a year, of approximately one and half hours in length. Ultimate number of calls will be dependent on the nature and ambition of the work stream.
- Members will need to commit to a minimum of three calls per year, one of which may be in person.
- Regular guidance/feedback to the PRI Executive on relevant issues. This may include providing advice/feedback on outputs such as publications, case studies, toolkits and work stream strategy. The PRI Executive will project manage the work stream, put together drafts of written work and incorporate advisory committee feedback, coordinate meetings / calls, provide suggested agendas, and produce meeting minutes.
- Speaking commitments relating to responsible investment promoting the work of LEAC. The PRI Executive can provide support in the form of background research and presentation slides.
- Outreach and engagement with peers on behalf of PRI. The PRI Executive can provide support in the form of background research and material.

Alongside activities outlined already, the advisory committee is expected to act in an advisory role to inform the PRI Executive if it is on the correct strategic path.

All advisory committee members are welcome to commit to undertaking additional work, for example, drafting documents if their schedules enable them to do so.

Advisory committee chairperson

The advisory committee chairperson commits to:

- Designate enough time to fulfil work stream goals;
- A monthly phone meeting with the PRI Executive work stream lead;
- Allocate time for preparations for the advisory committee meetings;
- Provide the PRI Executive and advisory committee with leadership and guidance as needed; and
- Will be a representative of an Asset Manager signatory.

5. Terms

The terms of the committee members are as follows:

- Two-year term for asset owners and the chairperson.
- One-year term for investment managers and service providers.

The staggered terms are intended to ensure reasonable asset owner representation and stagger membership rotation. The PRI Executive will review the committee' composition on a yearly basis, keeping in mind that there should be a degree of continuity from year to year.

Members will be given the option, at the end of every financial year, to step down or continue on in their role as advisory committee member.

6. Members

7. Sub-committees

The advisory committee is the advisory body with the responsibility and accountability for advice on the work stream. The advisory committee may delegate a task or issue to a sub-committee, such as passive management or outreach. The sub-committee will carry out appointed tasks and report to the advisory committee. Sub-committees are accountable to the advisory committee.

The responsibilities and the selection of the sub-committee members will be decided by the advisory committee based on recommendations and suggested terms of reference put forward by the PRI Executive. The members of the sub-committee can also be members of the advisory committee and overlap is encouraged but in all cases, they must have the relevant expertise that match the purpose of the sub-committee. Whilst the advisory committee must only consist of signatories, the sub-committee may include non-signatories.

From the inception of the advisory committee, there will be an integration sub-committee charged with the review of real-life examples of integration, as well as a sub-committee focused on outreach. Further sub-committees can be created, upon advice from the PRI Executive.

8. Action plan and time line

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

each year. A final version of the plan will be made available to signatories on the listed equity work stream page.

9. Applying for membership on the Listed Equity Advisory Committee

Committee members should fulfil the following criteria:

- work as a decision maker within a listed equities investment team (e.g., analyst, portfolio manager, CIO, risk related role) or work in a responsible investment role with significant time allocated to working with listed equities professionals;
- be knowledgeable on capital markets and responsible investment; and
- be knowledgeable on current trends and good practices for integrating ESG into listed equities investment processes.

Signatories interested in participating should submit an expression of interest to: justin.sloggett@unpri.org

Your expression of interest should include:

- a short biography (maximum 200 words);
- a statement expressing your interest in the role; and
- a description of your organisation's approach to responsible investment in listed equities (maximum 300 words).

10. Background to PRI governance: guidance for advisory committees

Overview

The PRI Executive implements the PRI strategy and work programme by supporting signatories on incorporation of responsible investment through its Investor Engagement, Reporting and Assessment, Implementation Support and Global Network teams.

Where appropriate, the PRI Executive convenes advisory committees to advise on the strategy, participate in the work programme, drive implementation of work stream outputs and engage in active dissemination. Upon advice by the PRI Executive, advisory committees may also create task- or project-specific 'sub-committees' focusing on specific deliverables and outputs.

Both advisory committees and sub-committees are part of the decision-making process of their respective work streams or local networks. Advisory committees have a dual role in high level guidance and advisory, as well as in active promotion. Sub-committees are accountable to advisory committees and undertake tasks appointed to them by the advisory committees.

It should be noted that signatory groups are there to engage signatories, advise the PRI Executive and enable it to access expertise. They are not part of the formal/legal governance of PRI. For more information on the governance of PRI, please see <http://www.unpri.org/about-pri/pri-governance/>.

Signatories may approach the PRI Executive if they wish to collaborate on a given topic. Any ad-hoc working groups must fit the PRI strategy and existing resources.

Operating guidelines

The goals and missions of advisory committees and sub-committees are defined at inception, but can be refined over time. Any changes should be led by the PRI Executive and approved by participants. Completing a terms of reference document (see subsequent section) will help to define objectives and member responsibilities.

Advisory committee members are appointed by the PRI Executive based on their proactive interest, ability to contribute expertise, history of activity in the relevant area, leadership in the responsible investment world, jurisdiction and diversity of the group. The PRI Executive will be mindful of asset owner leadership, and will aim for proportional representation of the signatory body, but membership can include any signatory. Where relevant for the success of the work stream, the PRI Executive may also include a minority of non-signatories. Final decisions on advisory committee composition will be at the discretion of the PRI Executive.

After the advisory committee has been active for two years, the PRI Executive will aspire to ensure that there is approximately 30% turnover of members. The necessity of continuity will be factored into all decisions. Additionally, the balance of the advisory committee shall be preserved to the greatest extent possible. The maximum amount of time any signatory organisation can be part of an advisory committee is five years unless the group has convened through an election process.

The chair is typically selected on a biennial basis at the start of the calendar year. All members are

entitled to submit their names for consideration. However, the PRI Executive retains the right to choose the chair at its discretion. There is no limit to the number of re-submissions, but the PRI Executive will aim to balance experience and continuity with diversity. For local networks, where the chair position can be strategic, the PRI Executive may ensure less frequent turnover. Advisory committees should endeavour to meet at least three times a year, and aim to meet in person at least once per year if feasible. One option to meet in person may be during PRI's annual "PRI in Person" event.

Sub-committees should draw their membership from across the signatory body. Members should ensure relevant expertise, capacity to contribute time and intellectual capital. Each sub-committee will have its own set of criteria and membership limit expressed in its terms of reference. The universal condition of joining an advisory committee and / or a sub-committee is that members must be committed to sharing best practices. The ideal number of participants should not exceed 20 for practical reasons.

At least one advisory committee member should be represented in each sub-committee, and a chair is required which the PRI Executive reserves the right to appoint. It is the chair's responsibility to assess regularly and manage the productivity of the sub-committee. Only one representative per organisation is recommended on a sub-committee. Generally, sub-committees should meet at least quarterly with interim work and communications undertaken by email. A meeting should proceed only if a majority of members can attend.

A summary of all action plans and outputs will be made available to other signatories through the work stream pages on the signatory extranet.

Reporting and approval

Through the PRI Executive, advisory committees will report back on the progress of the work streams to the PRI Association Board on a quarterly basis. Sub-committees will report back to the advisory committees on a quarterly basis.

The PRI Association Board has ultimate decision-making on any PRI-related activity. It may ask questions to advisory committees or sub-committees via the PRI Executive and can override any decision.

Guidelines and suggestions for conduct

The proactive involvement of signatories is important to the success of any group. The PRI Executive may cancel individual signatories participation 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 work stream. Failure to meet these requirements may also lead the PRI Executive to cancel signatory participation.

Chairpersons are expected to spend sufficient time and resources to ensure success of the group.

Advisory committee, sub-committee or local network members are welcome to communicate their participation or membership.

Role of the PRI Executive

The PRI Executive will set-up, manage and facilitate advisory committees and sub-committees. This includes writing agendas, minutes, scheduling and organising meetings. The PRI Executive will also coordinate communication on the work and output of work streams, sub-committees and local networks. Where appropriate, it will also provide input into advisory committee and sub-committee plans. Finally, the PRI Executive will coordinate reporting to and communication with the PRI Association Board.

The PRI Executive understands there are resource implications and will always ensure that it has the capacity to administer an advisory committee or sub-committee. These groups may be postponed or discontinued if necessary.

Deliverables

Advisory committees and sub-committees assist in developing work plans and outputs in collaboration with the PRI Executive. Outputs can include events, best practice case studies or guidelines, engagement activities, etc. Work plans should be reviewed and approved by advisory committees on an annual basis. Each group should be mindful of:

- the scope of their work;
- establishing clear and realistic delivery timelines; and
- assessing budget implications and ensuring these have been signed off by PRI Executive and PRI Association Board.