

TERMS OF REFERENCE FOR THE SUSTAINABLE FINANCIAL SYSTEM ADVISORY GROUP

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Version 1.1, 3rd December 2015

1. Purpose and Responsibilities

1.1 Purpose of the Financial System Reform Group

The PRI Board agreed to establish the Sustainable Financial System Advisory Group (the 'SFS') at its board meeting on 7th September 2015. The SFS will advise the PRI Board on PRI's work program to address systemic risks and sustainability challenges in the financial system. It will do so by:

- Providing technical input and advice to the PRI policy team in the development of systemic risks and sustainability challenges programme.
- Ensuring that the recommendations and other materials developed are aligned with PRI's charter and principles.
- Advising the PRI Board on how it should respond to the recommendations made.

In doing so, the SFS will contribute to PRI's 10 Year Blueprint for Responsible Investment, to be finalised in early 2017.

The term of operation for the SFS is December 2015 to March 2017.

1.2 Responsibilities

Committee members are required to attend, at a minimum, two of the three meetings in the operating period, including an in-person meeting at PRI In Person. SFS members should support and guide the PRI's work program on systemic risks and sustainability challenges in the financial system by:

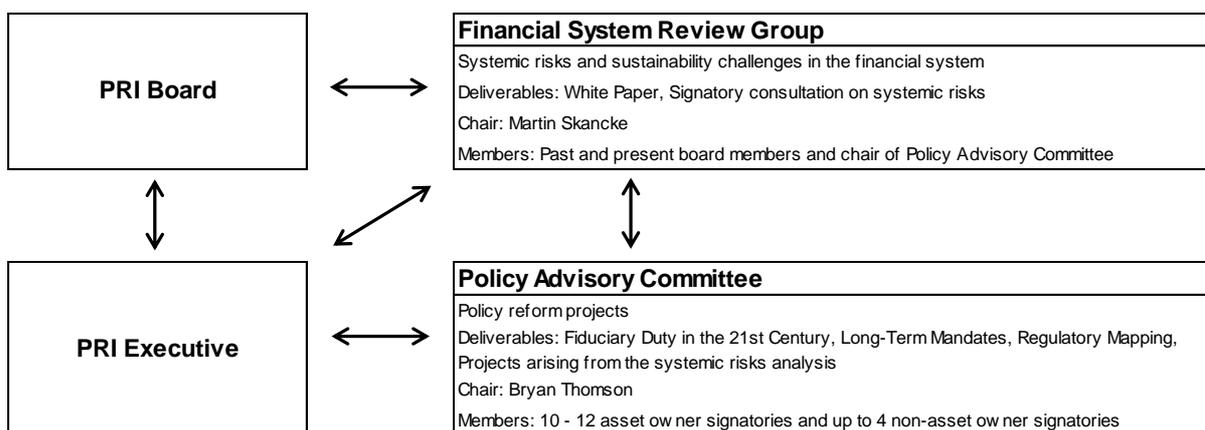
- Contributing ideas, expertise and guidance on the program of work and priorities within it.
- Reading and providing feedback on the program White Paper, the Exposure Draft of the Program Paper and the Final Program Paper;
- Contributing to discussion in meetings;
- Identifying experts with relevant skills to advise the PRI Secretariat on matters relevant to the work program;
- Considering the needs of the PRI Board in all activities.

The SFS will be supported by the PRI policy team, which will organise meetings, prepare agendas and other briefing materials, prepare minutes and implement follow-up actions agreed with the SFS.

1.3 Relationship to the PRI Policy Advisory Committee

The Policy Advisory Committee will input to the papers that are to be reviewed by the SFS. The Policy Advisory Committee will also provide advice on the development and implementation of the individual projects that flow from development of the systemic risk and sustainability challenges work program. The Chair of the Policy Advisory Committee will join the SFS.

Diagram of relationships between the SFS, PRI Board, Policy Advisory Committee and the PRI Secretariat.



1.4 Relationship of the PRI Executive to the SFS

The PRI Executive will support the SFS with its activities.

1. Requirements for committee PARTICIPATION

Steering committee members should:

- Be a recent past member of the PRI Board;
- Dedicate sufficient time to deliver the work-stream's objectives and responsibilities. We estimate SFS committee members will need to contribute 6 days between December 2015 and March 2017, including advisory committee conference calls, face-to-face meetings and support activities;
- Be able to attend, subject to minimum participation requirements, three meetings, including an in-person meeting at PRI In Person in 2016;
- If more than the required number of SFS members express interest in joining the group, the PRI Chair will attempt to balance gender, skills and geographies in selecting members.

2. Policy Advisory committee composition and function

2.1 SFS composition

- The SFS will be Chaired by the PRI Chair
- The Chair of the Policy Advisory Committee will be a member of the SFS
- The SFS will have seven to nine members in total.

2.2 Responsibilities of the Committee Chair

The Chair of the Committee will:

- Chair the meetings of the Committee;

- Develop consensus for implementation of the policy projects;
- Assist the PRI policy team, where required with strategic input to the policy work-stream;
- Provide continuity between the SFS and the PRI Board.

2.3 Decision making

The Chair of the SFS, who is also the PRI Board Chair, will be responsible for presenting recommendations made by the group, for the consideration of the PRI Board.

2.4 Confidentiality and communications

Discussions of the SFS will remain confidential. The SFS will not make public statements.

3. Key dates and meeting Timetable

Key dates relevant to the activities of the SFS are:

- Agreement to establish the SFS – September 2015 PRI Board Meeting – Complete
- SFS terms of reference to be agreed – December 15 (Board Call)
- SFS established – December '15
- White paper completed – January '16
- First meeting of the SFS – Late January / Early Feb '16
- *Exposure Draft of the Systemic Risks and Sustainability Challenges* work program (1st draft) to SFS for review – March '16
- Second meeting of the SFS – April '16
- PRI Board approval of the *Exposure Draft* – June '16
- *Exposure Draft* publicly released – July '16
- Signatory workshops - September '16
- Develop Final report and release – March '17

Approved by: PRI Board

Date: 3rd December 2015

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