

PRI BONDHOLDER ENGAGEMENT WORKING GROUP 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 around the world.

This document is a terms of reference for the PRI's Bondholder Engagement Working Group (BEWG).

OBJECTIVES

PRI's goal is to explore and clarify what it means for fixed income investors to fulfil their commitment to principle 2 of the PRI – “We will be active owners and incorporate ESG issues into our ownership policies and practices.” The PRI sees this as an important area to focus on as bondholders are not owners but lenders of capital. Nevertheless the PRI believes there is a role for bondholder engagement as a tool to help investors manage and mitigate investment risks relating to ESG factors. Working group members will be asked to support the PRI by sharing their knowledge and experiences on this subject.

The objectives of the bondholder engagement working group are to:

- Clarify and define bondholder engagement
- Explore possible approaches to bondholder engagement
- Highlight current examples and case studies of bondholder engagement
- Identify broad investor trends of bondholder engagement
- Support collaborative bondholder engagements through PRI's collaboration platform
- Publish guidance which helps investors implement a bondholder engagement strategy where required

WORKING GROUP MEMBERS (as of 10/01/2017)

Name	Organisation	HQ country
My-Linh Ngo	BlueBay Asset Management	United Kingdom
Felipe Gordillo	BNP Paribas Investment Partners	France
Jem Hudson	Breckinridge Capital Advisors	United States
Tracey Rembert	Christian Brothers Investment Services, Inc.	United States
Susan Burns	Global Footprint Network	United States
Michael Posnansky	M&G Investments	United Kingdom
Geeta Sharma	Northern Trust Asset Management	United States
Alex Struc (Chair)	PIMCO	United States
Marayka Ward	QIC	Australia
Patrick Drum	Saturna Capital	United States
Rakhi Kumar	State Street Global Advisors (SSgA)	United States
Janne Paul Werning	Union Investment	Germany
Anna Pot	APG Asset Management US Inc.	United States

WORKING GROUP COMPOSITION AND MEMBERSHIP

Target composition and tenure

- Target composition is a 15-20 member working group
- The working group should comprise a suitable balance of asset owners and managers
- Member terms will be for the life of the project which is expected to run for a minimum of one year and a maximum of two years (to be reviewed after the first year)
- Members have the option to step down at the end of each year
- Members who step down may be replaced by an appropriate colleague at the PRI's discretion
- PRI will select a signatory to chair the BEWG once members have been selected

Appointing members

- The PRI publicises membership opportunities for working groups as they arise, including the criteria for appointment of members and timelines
- The PRI aims for reasonable diversity in terms of the scale, region and type of member organisations and a range of skills among individual members
- The Executive has the discretion to accept two representatives from an organisation to sit on the BEWG; in which case, dual representation should offer complementary strengths from the two individuals rather than a duplication
- Representatives should hold relatively senior management positions within their organisation
- Member organisations will be selected on the strength and engagement of their representative. BEWG members will ideally have demonstrated proactive interest/a history of activity within the FI work stream, leadership in responsible investment (including connections with FI associations and other relevant industry associations)

- Priority may be given to those investors that have actively participated in the PRI Fixed Income Engagement and Outreach Sub-committees from 2015-16

RESPONSIBILITIES

The PRI Executive commits to:

- convene, administer and facilitate BEWG meetings and activities
- keep BEWG members updated on project activities between meetings
- provide expertise from either internal or external sources, convening, facilitating and co-creating with members
- support BEWG members by providing background material for outreach and research activities
- manage and deliver project outputs including reports and webinars
- coordinate communication on the activities of the working group
- manage communication flow between the working group and Fixed Income Advisory Committee and PRI regional networks on its activities and ensure alignment with high-level work stream objectives
- oversee BEWG composition: review commitment and tenure, manage the application process for open positions

The BEWG chair commits to

- designate enough time to fulfil project goals (estimated at an average of five hours per month)
- work with the Executive to provide leadership to the BEWG as needed
- attend monthly meetings with the PRI Executive (in person or by phone) to discuss progress of the project and prepare for BEWG meetings
- provide the Executive with guidance on overarching project strategy
- attend and chair semi-regular BEWG meetings

BEWG members

BEWG members are expected to act in an advisory role to the PRI Executive. Members agree to commit sufficient time to promoting and overseeing the work stream/local network. Estimated time commitments for BEWG members are at least two hours per month plus at least six one-hour conference calls per year.

Typical responsibilities may include, but are not limited to:

- A minimum of six conference calls/meetings per year, between one and two hours duration
- Regular guidance/feedback to the Executive on relevant issues. This may include providing advice/feedback on outputs such as publications and toolkits
- Speaking commitments (voluntary) on behalf of the PRI. The Executive can provide support in the form of background research and presentation slides
- Outreach and engagement with peers on behalf of the PRI. The Executive can provide support in the form of background research and pitching material
- Drafting guidance, case studies and other written project material
- All BEWG members are welcome to undertake additional work, for example, drafting documents and participating in working groups if their schedules enable them to do so

CODE OF CONDUCT, CONFIDENTIALITY AND PUBLIC COMMUNICATIONS PROTOCOL

- BEWG 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.
- BEWG members are welcome to advertise their participation in other forums such as LinkedIn.

GOVERNANCE

The working group will be answerable to the PRI Fixed Income Advisory Committee. It is expected that certain members of the group will report back to the FIAC during their meetings and ideally there will be some crossover between the two groups to ensure the project outcomes are aligned with work already completed. FIAC and PRI sign off will be required at various stages of the project.

CONTACT

If you would like to learn more about the BEWG, please contact FI@unpri.org or the work stream manager or project manager.

Anna Georgieva – Manager, Investment Practices - Fixed Income

Email anna.georgieva@unpri.org

DDI +44 (0) 20 3714 3203

Archie Beeching – Senior Manager, Investment Practices - Fixed Income & Infrastructure

Email archie.beeching@unpri.org

DDI +44 (0) 20 3714 3167