

PRI PRIVATE DEBT ADVISORY COMMITTEE TERMS OF REFERENCE

7th March 2022

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 Private Debt Advisory Committee (PDAC). Similar to other PRI advisory committees, PDAC will be made up of representatives from PRI signatories.

OBJECTIVES OF THE PDAC:

All the workstream's objectives should be specific, measurable, achievable, relevant, and time-bounded. In 2019, the PRI published a primer on responsible investment practices in private debt (PD) and a due diligence questionnaire. It also has now a dedicated webpage to distribute resources on this asset class (www.unpri.org/private-debt).

Suggested objectives for to advance this workstream include:

- Promote best practice among PD investors when it comes to ESG incorporation in investment decisions and monitoring, with a focus on ESG data and climate change.
- Provide guidance to the PD market on how ESG integration can both reduce risk and drive positive ESG outcomes.
- Build and leverage partnerships between PD and private equity (PE) investors to avoid duplicated effort and reduce information asymmetry.
- Encourage peer-to-peer learning and networking for private debt investors and private equity sponsors.

ROLE OF THE PDAC

- Advise PRI on its program to identify how ESG factors are considered and inform PD investors' provision of financing solutions to private businesses seeking non-bank funding.
- Review and advise on material to be produced and published as part of this workstream and on events to be organised.

- Support outreach and awareness raising efforts for this workstream.
- Promoting the harmonisation of industry frameworks through a designated template for due diligence and monitoring mechanisms.
- Create synergies with other industry bodies such as the AIMA/ACC, LSTA, ELFA etc.

NOTES ON MEMBERSHIP

Target composition and tenure

- Target composition is up to 10 members.
- The PDAC should comprise PRI signatories who are expert on private debt.
- Initial terms for the PDAC will be for the two-year life of this project. If the project then continues beyond two years, PRI will review the length of standard terms as well as the PDAC composition.
- Members may be replaced by an appropriate colleague at the PRI's discretion.
- PRI will select an investor to chair the PDAC.

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 member organisations. In addition to the above criteria, the Executive will aim for diversity of representation between the PDAC 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 private debt funds and/or private equity deals, leadership in responsible investment (including connections with FI associations and other relevant industry associations).

RESPONSIBILITIES

The PRI Executive commits to:

- Convene, administer and facilitate PDAC meetings and activities; keeping the PDAC 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 PDAC 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 private debt workstream to signatories; making PDAC meeting minutes available, if requested, once approved by the PDAC; keeping all references to PDAC 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 PDAC composition: reviewing commitment and tenure, managing the application process for open positions.

The PDAC chair commits to:

- Designate enough time to fulfil project goals (estimated time, minimum five hours per month but this will be confirmed once the project targets are set).
- Work with the Executive to provide leadership to the PDAC, as needed.
- Regular one-hour meetings with the PRI Executive (using an online platform or by phone, minimum every six weeks) to discuss progress of the project and prepare for PDAC meetings. Additional ad-hoc calls might be necessary in between regular calls.
- Provide the Executive with guidance on overarching strategy.
- Prepare with the Executive, attend and chair PDAC meetings.

PDAC members commit to:

PDAC 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 PDAC members are at least one hour every six weeks (planned at the start of each calendar year) plus ad-hoc calls that might be needed to bring the project forward.

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 PDAC (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 PDAC 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 private debt 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 private debt workstream on behalf of PRI. The Executive can provide support in the form of background research and pitching material.
- All PDAC members are welcome to undertake additional work, for example, drafting documents and participating in working groups if their schedules enable them to do so.
- 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.

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

- PDAC 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.
- 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 PDAC, please contact carmen.nuzzo@unpri.org.

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