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INITIATIVE CLIMAT INTERNATIONAL: Terms of Reference

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A. INTRODUCTION

Summary

The Initiative Climat International (referred to here as “iCI”) is a global community of private markets investors who seek to display leadership in improving the industry’s understanding and management of the risks and opportunities associated with climate change. One of the key tenets of the iCI is **active participation**, with members committed to sharing knowledge, tools, experience and best practice methods amongst peers.

For members, joining the iCI represents a commitment to effectively analyse, manage and mitigate climate-related financial risk and emissions in their portfolios, in line with the recommendations of the FSB’s Taskforce for Climate-related Financial Disclosure.

The iCI was originally launched as the iC20 (Initiative Climat 2020) in November 2015 by a group of French private equity firms who decided to contribute to the Paris Agreement’s objective of limiting global warming to what we now know must be 1.5 degrees Celsius or below.

Business case

iCI members are characterised by their active participation in the development of **pragmatic** solutions to measuring, assessing and mitigating climate-related financial risk. The success of iCI rests squarely on the principles of **transparency** and **best practice sharing**.

What are the benefits?

- Be part of a global and collaborative initiative to understand approaches for assessing and mitigating exposure to climate change risk, and seize climate change-related opportunities
- Leverage practitioner experience and best-practices in forums supported by experts
- Participate in the development of methodologies, training materials and guidance on climate-related risk and opportunities
- Formally endorsed by the PRI

B. OBJECTIVES

iCI brings together GPs, and supportive LPs and Funds of Funds, to secure sustainable investment performance by recognizing and incorporating the materiality of climate risk, and by seeking to reduce the carbon emissions of private market backed companies.

Commitments as stated in the Manifesto and Application Form:

1. We recognize that climate change will affect the global economy, which presents both risks and opportunities for investments.

- ➔ Publicly demonstrate a commitment to act on climate change by becoming a member of the iCI.
- ➔ Promote the initiative among private markets firms and encourage them to become a member of the iCI.

2. We will contribute to the objective of The Paris Agreement to limit global warming to well-below two degrees Celsius, and in pursuit of 1.5.

→ Integrate climate change analysis into investment processes.

3. We will engage with portfolio companies and seek to reduce their greenhouse gas emissions, contributing to an overall improvement in climate performance where relevant.

→ Identify companies where climate change poses a material risk and carry out a measurement of its carbon footprint.

→ Meaningfully engage with management teams of portfolio companies to develop an emissions reduction and climate change action plan.

→ If an LP, meaningfully engage with private markets firms under which funds are entrusted to develop an emissions reduction and climate change action plan.

C. MEMBERS AND ELIGIBILITY

- iCI is open to all private markets firms (GPs, LPs, Funds of Funds).
- First-time funds that are fundraising will only be eligible to join once they have made a first close and at least one investment.
- Members of iCI do not need to be a signatory of the PRI.
- Service providers may contribute to the work of this initiative but cannot be members.

To qualify for iCI membership, private markets firms must fulfil the commitments outlined in the Manifesto and Application Form and agree to this terms of reference.

Private markets firms may join iCI by completing the following steps:

1. Complete and sign the Manifesto and Application Form
2. Submit both documents to the PRI secretariat (diba.ahour@unpri.org)
3. Log in to the '[Initiative Climat International](#)' page on the PRI Collaboration Platform
4. Click on "Request To Join" to request access to the members' area

The PRI, in consultation with the iCI Steering Committee, will admit members to the initiative as they demonstrate eligibility and complete the required steps.

D. RESPONSIBILITIES

Members

Members of the iCI commit to:

- Fulfil the iCI commitments and objectives in section B
- Actively participate in the development and adoption of methodologies for measuring and reducing carbon/climate risk
- Promote the initiative amongst the private markets industry

Typical responsibilities may include:

- Joining meetings at the regional network level and global level
- Participation in working groups
- Sharing non-competitively sensitive information with other members on best practices, challenges, the development of tools, or other topics related to the iCI commitments.
- Voluntary speaking commitments to present the work of the initiative
- Outreach and engagement with peers in relation to the work of the other members
- Completing the annual membership survey

Activities of the members will ultimately be determined by the regional networks.

Members should reference their level of participation as iCI members in communications related to the initiative, e.g. client reporting or marketing materials.

iCI membership status may be removed by the iCI Steering Committee if a member fails to meet the conditions as set out under Section F, or if the member firm's actions are determined to be materially undermining the reputation and purpose of the iCI.

Steering Committee

The Steering Committee serves to provide global oversight and coordination of the initiative and will make decisions pertaining to the structure, strategy and objectives of the initiative. The Steering Committee is composed of the regional network coordinators, an appointed Global Lead on Net Zero (and any other strategic appointments as voted upon by the Steering Committee), an appointed Global Coordinator who serves as Chair, and the PRI Executive. The Steering Committee approves the creation of new working groups and provides oversight of iCI projects, including providing final sign-off on publications.

Structure

- Global Coordinator
- Regional Network Coordinators: Asia Pacific, Europe, North America
- Global Lead on Net Zero
- PRI Executive

Governance rules

Each member of the Steering Committee has a voting right. One vote for the Global Coordinator, each Regional Network, the Global Lead on Net Zero, and one for the PRI Executive. Decisions are made by majority voting. No one member may hold more than one vote. If a Regional Network is led or represented by more than one Coordinator, they must agree on how to cast their single vote. In the event that the Coordinators for one region cannot agree on how to vote, they must abstain. In the instance of a split vote, the Global Coordinator's vote will determine the outcome.

Representatives of international or regional external associations or partners may be invited to attend Steering Committee meetings but do not have a voting right.

External service providers or consultants cannot be part of the Steering Committee.

The Steering Committee will meet at least once per quarter.

This Terms of Reference will typically be reviewed on an annual basis by the Steering Committee.

Global Coordinator

The Global Coordinator commits to:

- Working with the PRI secretariat to effectively chair and facilitate Steering Committee meetings;
- Facilitating global coordination across regional networks and ensuring working groups are generally aligned, and duplication of work is avoided;
- Working with the PRI secretariat to facilitate the global iCI meetings including the annual members' meeting;
- Ensuring the initiative adheres to its objectives.

The position is appointed by the iCI Steering Committee:

1. Steering Committee members will be encouraged to display their interest in the Global Coordinator position. If no interest is received, the position may be opened to OpCo members or working group leads.
2. Members of the iCI Steering Committee vote, and the Global Coordinator is chosen on majority (with the option to vote privately, with the results collated by the PRI secretariat).
3. If the vote is tied, the existing Global Coordinator shall make the final decision.

Tenure

The maximum tenure for a Global Coordinator is two years.

The maximum tenure for the Global Net Zero Lead is two years.

As per below, the Regional Network Coordinators may serve longer than two years if supported to do so by the relevant OpCo.

If the Global Coordinator or Global Net Zero Lead leaves their firm during their tenure, they will be allowed to retain their role if they join another iCI member firm and have the majority support of the Steering Committee to do so. As per below, the same applies for the Regional Network Coordinators if they have the majority support of the relevant OpCo to stay in position.

The PRI Executive is a permanent member of the Steering Committee.

PRI Executive

The PRI Executive will provide strategic and secretariat support and commits to:

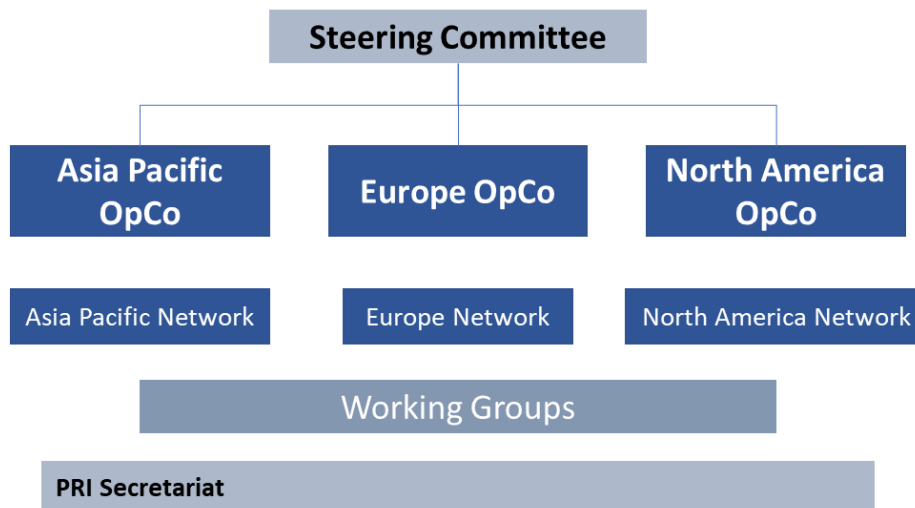
- Providing strategic and organisational guidance and administrative support
- Provide expertise from either internal or external sources and contribute to consultations on iCI publications
- Promoting iCI through the PRI [Collaboration Platform](#), in their communications and at global events
- Providing a regular review of the initiative's progress and adherence to its objectives through hosting an annual member survey
- Encourage and support iCI to demonstrate PRI's Leadership Behaviours

Regional networks

The work of the initiative is operationalised via regional networks and working groups which can address local interests and specific regulations.

PRI secretariat support for regional networks is potentially available by mutual agreement.

The current structure of the iCI is:



The Regional Network Coordinators are elected with a two year tenure by the Operational Committee members. A Network Coordinator may be re-elected with majority support from the Operational Committee. If a Regional Network Coordinator leaves their firm during their tenure, they will be allowed to retain their role if they join another iCI member firm and have the majority support of the OpCo to do so.

The Operational Committee (OpCo):

- May determine their members' tenure, however, OpCo members should be considerate where they are long-tenured and other regional network members are interested to take their place.
- Is responsible for setting the frequency of regional meetings, establishing and monitoring working groups, and actively contributing to the promotion of iCI and recruitment of new members.
- Is responsible for keeping the Steering Committee informed of new working groups, new projects within existing working groups, and any other material information that might impact the iCI.
- Is responsible for communicating with other network OpCos and leveraging opportunities to collaborate / avoid duplication of efforts, including through the setting up of cross-network working groups.

It is recommended that the OpCo has at minimum 3 members. The regional networks may appoint more than one Network Coordinator to co-lead the group. The membership and structure of the OpCo and the frequency of meetings is determined by the Regional Network Coordinator(s).

Each regional network may determine its own operating structure and affiliations with local initiatives (e.g trade associations, other working groups or climate initiatives).

Local or country-level working groups may be formed under the three regional chapters in order to address language and more local priorities – including the objective to meet in-person. These working groups would operate with oversight from the regional networks, with ultimate oversight from the Steering Committee as stated above.

The outputs developed by a local or country-level working group (tools, guides etc.) should ideally be translated in English and shared on the iCI shared platform.

External associations and partners

The iCI collaborates with and welcomes support and endorsement from industry associations and other initiatives ('iCI Partners'). This is subject to approval by the Steering Committee with a clear understanding of the objectives of the partnership. iCI Partners may be invited to collaborate on or be consulted with regard to specific iCI projects and asked to promote and support our publications; the iCI Partners will be kept updated on iCI projects as relevant and invited to attend the iCI annual meeting. The Steering Committee will conduct an annual review of iCI Partnerships to ensure alignment, mutual collaboration and support are effectively occurring.

Approved iCI Partners:

PRI: iCI was officially endorsed by PRI in 2018 to assist with advancing climate change action in private equity. The iCI is hosted on [the PRI Collaboration Platform](#), and the PRI will work to raise awareness of this initiative globally. PRI encourages its private markets signatories to join the initiative.

BVCA: the BVCA is an iCI Partner since April 2022. The BVCA endeavours to collaborate with the iCI on specific projects that support its private equity and venture capital members in the UK, and to work together with the iCI where appropriate to advocate on and anticipate relevant UK public policy developments related to climate action.

CDP Worldwide: the CDP is an iCI Partner since February 2022. The CDP is collaborating with investors to create standardized environmental disclosures from private companies and resultant data analysis. CDP will bring their extensive knowledge on environmental reporting to provide expert advice on iCI projects.

Ceres: the iCI North America network, launched in March 2022, runs in collaboration with the Ceres Private Equity Working Group, an LP-GP expert group that has objectives in line with iCI. Ceres will draw upon their extensive network and resources to provide expert advice on iCI projects.

France Invest: The French network of the iCI is a working group of the [France Invest](#) ESG Commission and the coordinator of this network is a member of the ESG Commission's steering committee.

HKVCA: the HKVCA is an iCI Partner since September 2022. The HKVCA supports the development of the Asia Pacific network, working with the iCI to support the private equity community in Asia to engage on climate-related matters and promote international best practice and standards related to climate action.

The Investor Agenda: the iCI is a supporting partner of the Investor Agenda since September 2019. The Investor Agenda is a common leadership agenda on the climate crisis that is unifying, comprehensive, and focused on accelerating investor action for a net-zero emissions economy. Its Founding Partners are AIGCC, Ceres, CDP, IIGCC, IGCC, PRI and UNEP FI.

External service providers and consultants

Each regional network defines its own *modus operandi* in terms of interactions with external service providers and consultants.

External service providers and consultants may be engaged on an ad-hoc basis (i.e. invited to support an event or workshop) or more regular basis (as part of working groups).

Any costs incurred from work with external service providers and consultants may be covered, on a voluntary basis, by the members of the regional network or working group that have commissioned this work. It is recommended to carry out a tender for significant projects and share the project's scope with the Steering Committee to ensure this work has not been done elsewhere.

E. TRANSPARENCY AND MINIMUM REQUIREMENTS

There is no minimum standard or contribution associated with becoming an iCI member (although attending members may be asked to contribute to the expense of a hosted event or workshop on a case-by-case basis).

iCI members are expected to disclose their progress through an annual member survey. iCI members consent to their firm being publicly acknowledged as a member of the iCI and receiving relevant communications from the iCI and Secretariat. iCI members are expected to respond to requests for support, i.e. the promotion of new iCI publications, and any requests to update our records including contact information and AUM information.

F. ANTITRUST GUIDELINES

It is iCI's intention that its activities and the activities of its members, when participating in iCI activities, comply with the letter and spirit of all applicable antitrust and competition laws. Entering into an agreement— especially with a competitor—that may restrict competition can violate applicable antitrust and competition laws and must be avoided. This is true regardless of other perceived societal benefits such as those that may further Environmental, Social and Governance (“ESG”) initiatives. Furthermore, even legitimate and lawful contacts with competitors (e.g., at a trade association meeting), can be mistaken as evidence of illegal activity if proper safeguards are not followed. The following guidelines are designed to avoid even the appearance of impropriety.

Given the importance of this topic, all members should consult their own legal counsel on related topics and should not rely solely upon these guidelines. These guidelines are intended to provide high-level guidance but may not address all relevant situations. These guidelines should not be constituted as legal advice from the iCI, the PRI, or from any iCI members.

Following these guidelines, it is permissible to, among other things, discuss best practices, develop a code of conduct, create voluntary standards, petition the government, and gather certain aggregated historical information through a third party following certain precautions (see **Information Exchanges** below).

Participants must be cognizant of antitrust issues that may arise regarding competition between funds for portfolio entities as well as competition between their respective holdings.

Information Exchanges

Exchanging Information: To further the iCI's understanding as to its members' issues relating to climate change, iCI may gather past and current information, data, and resources, from its membership. Competitively sensitive information addressed above should only be shared through a third party where identifying information is masked (and there are enough participants such that identities cannot be ascertained) and the information is aggregated. It is best to seek the advice of counsel.

Prohibited Conduct & Agreements

"Agreement" includes, but is not limited to, any formal or informal understanding, "quid pro quo," "commit," "pledge" or "gentlemen's understanding," whether explicit or implicit or written or unwritten. The iCI provides a forum for discussion and sharing of best practices. In joining the iCI, members commit to improving their approach to assessing the risks and opportunities of climate change as relevant to their investments. The purpose of the iCI is **not** to:

- Discuss or agree to restrict, exit, or enter into any investments with any competitor. All such decisions must be made independently. Ensure that any adherence to ESG guidelines or goals are optional, non-binding, and any decision to follow any such guidelines or goals is made independently.
- Discuss or agree to coordinate any anti-competitive activity by any portfolio company.
- Directly share or attempt to gather non-public competitively-sensitive information from other members or competitors. Such information includes, but is not limited to, information about private investment plans and value, environmental outputs, confidential business methods and practices, pricing, financial and other projections, contract terms, research and development objectives or initiatives, and employee compensation.
- Discuss or agree to exclude, boycott, place restrictions on, or otherwise refuse to sell, buy, or take investments from any other person or entity.
- Discuss or agree to exclude or boycott non-iCI members from business dealings.
- Discuss or agree to allocate investments, customers, markets, opportunities or similar types of allocation.
- Discuss, share, or make any agreements relating to the competitive details of any investment with any competitor. These include discussions or agreements involving:
 - prices, credit terms, bids, rebates, price floors, price ceilings, or any other terms of sale or purchase that affect price in any way;
 - another competitor's pricing or investment terms, including general evaluations such as whether they are engaging in "rational behavior," "showing discipline," etc.;
 - costs, including employees' wages or the costs of benefits, or any benefits relating to compensation;
 - profits or profit margins, including what is a "fair" or target profit margin;
 - allocating markets, products, services, territories, customers, or bids. For example, do not promise to refrain from entering any particular market segment, and do not solicit such a promise from a competitor; or
 - refusing to sell or placing conditions on any investor or class of investor, refusing to buy or placing conditions on any investments or class of investments or supplier or class of suppliers.

Avoiding Violations During Legitimate Competitor Communications

Participation in the iCI and its stated goals regarding climate change is a legitimate reason for having discussions with industry participants who might also be competitors. However, the legitimacy of a meeting's overall purpose is not a shield from liability for violating any antitrust or competition laws.

It is strongly recommended that iCI member meetings (global and regional calls) and iCI Steering Committee meetings follow a written agenda, which is pre-approved by the meeting chair and shared before or at the start of the meeting.

When Prohibited Topics Arise: If you are present in any capacity (e.g., phone, computer, in-person) for a discussion involving one or more iCI member in which any topic prohibited by these guidelines is raised or discussed, You should:

- state that your company's policy prohibits you from discussing the subject;
- promptly stop the discussion;
- if the discussion does not stop promptly, leave the meeting in a conspicuous manner (i.e., so everyone remembers that you left the meeting); and
- immediately report the incident to your legal counsel.

G. CODE OF CONDUCT, CONFIDENTIALITY AND PUBLIC COMMUNICATIONS PROTOCOL

Conduct

- The proactive involvement of members is important to the success of the initiative.
- Members must abide by iCI's Antitrust Guidelines and also refrain from using this initiative for commercial purposes.
- Information shared or gathered through the initiative's activities must not be used for any other purposes beyond the objectives of the initiative.
- Members should treat their colleagues and PRI staff with courtesy and respect.
- Failure to meet these requirements may lead the iCI Steering Committee to cancel member participation.

Communication

Upon joining, members should include the three high-level iCI commitments in any announcements concerning their joining. Membership of iCI and the use of its logo is not an indication of a firm's capabilities or alignment with best practice with respect to addressing climate change, as it is open to firms at all stages of their climate journey and any best practices, standards or methodologies are voluntary. Instead, it demonstrates a firm's commitment to the core objectives of iCI membership. Therefore, iCI membership, in itself, should not be used to convey proficiency in climate practice.

Any participating member may provide information on activities undertaken by them within the initiative, on the basis that the above guidelines are followed. Members should not reference another iCI member's participation in external communications without their explicit permission to do so.

The above confidentiality and disclosure arrangements do not limit participants from disclosing information which:

- a) they are able to reasonably establish as previously known to them; or
- b) is in the public domain at the time of disclosure.

Members may publicly communicate their own participation in the initiative.

The PRI Executive is empowered to speak about iCI developments within the terms of any confidentiality agreement in place for the group. For more information on the voice of the PRI see the [PRI Communications Policy](#). Any public communications issued on behalf of the iCI must be signed off by the Steering Committee.

Use of PRI Logo

Use of the PRI logo on iCI related output must be expressly sought from the PRI Executive for each use case.

H. CONTACT

If you are interested in understanding more about this initiative, please contact: sixtine.dubost@unpri.org.