IFSWF Board Policy Note

Research Engagement Policy

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I. POLICY PURPOSE

This policy establishes a research framework for the IFSWF in response to a request from the Board of the 4 November 2015 meeting. This framework is established around four main pillars and suggests eight actionable steps that the Board agrees in order to put in place this framework. The actionable steps are found in Section IX.

II. POLICY OBJECTIVE

The policy allows the Board to oversee the research engagements of the Forum and sets out the acceptable options for collaborative research between members, international institutions, and academia and private sector collaborators.

III. IFSWF PURPOSE AND STRATEGIC OBJECTIVE

IFSWF exists in the service of the Santiago Principles. Members participate in the Forum to benefit from knowledge exchange, the building of relationships with peers, and to consider good investment practices appropriate for SWFs.

To these ends, the 3-year Strategic Plan lists six strategic activities that the Forum will execute:

1. Promoting the Santiago Principles by publishing case studies and sharing knowledge on, and encouraging, operational excellence.
2. Exchanging views on topics of common interest by organizing successful annual meetings and, where there is sufficient demand, specific events.
3. Engaging and liaising with governments and international institutions.
4. Developing online platforms for information exchange and collaborative research.
5. Encouraging collaborative research with global academia, when relevant.
6. Communicating in a timely, factual and professional manner.

IV. THE NATURE OF RESEARCH

In light of these strategic activities, the nature of the IFSWF research should be:

- **Innovative** - with emphasis on knowledge sharing, capacity building, and the identification of best practice;
- **Relevant** - with emphasis on topical issues, including the use of case studies to highlight member practice;
- **Practical** - with clear mapping to governance and investment practice, and with clear translation from theoretical finding to practical implication;
- **Professional** - meeting academic standards (with peer review only on an as-agreed basis) and addressing members' research questions in factual, objective and timely manner.
- **Collaborative** - done with members for members' benefit;
- **Online** - using the IFSWF webpage as a collaborative hub and publications channel.
V. The Research Framework

The rationale for this policy is supported by IFSWF’s purpose and agreed strategic activities (as above). Four different options for research are available that should be deployed and promoted as part of the framework:

- **Pillar 1 (Member's own research)**
  - IFSWF should continue to make member research available via the Forum's online platforms. This promotes members' research activities and increases the Forum’s value as a central hub for members’ thinking. The Secretariat will seek and accept most material from members, with the criteria being that it must be relevant to the wider membership. The Secretariat will perform basic quality control (typos, grammar, follow-ups with members on key conclusions) and file the research into a suitable category.

- **Pillar 2 (Member's collaborative research)**
  - Sub-committees will be encouraged to produce working papers that express a collective view or cross-member panel perspective on a particular topic and to make these available during the year. This allows members to familiarise themselves with the work before the final presentation at the Annual Meeting. External input to the sub-committees is welcome (e.g. from asset managers).
  - For increased relevance and higher standards, the sub-committees should aim to follow guidelines outlined in section IV.
  - IFSWF publications and case studies should be driven by submissions from members that are collated and published by the Secretariat, again subject to basic quality control.
  - Members will be encouraged to form informal groups to address specific research questions that are not of direct relevance to the entire membership.

- **Pillar 3 (Collaborative research with third parties)**
  - Three different kinds of third-party collaborators present themselves:
    - **Policy institutions.** Formal observer roles are in place with IMF (founding sponsor), IIF (permanent observer) and World Bank (permanent observer). Similar arrangements should be agreed with OECD, AIIB, EBRD and other major policy institutions. Formalising the observer role allows the Forum to benefit from reciprocal benefits and efficient network management at no cost (except expenses).
    - **Standard setters.** The Board can chose to exchange IFSWF observer status with standard setters and thought leaders, like: Principles for Responsible Investments, Focusing Capital on the Long Term, Coalition for Inclusive Capitalism, Hedge Funds Standards Board and similar institutions with shared objectives. Otherwise, they are considered research affiliates.
• **Private sector.** The engagements should be with private sector collaborators that are: (a) reputable; (b) relevant; and (c) valuable to the Forum. Reputation should be verifiable among IFSWF members. Relevance suggests that the collaborator allocates human and financial resources to SWF research and collaboration on a topic of interest. Value should be verifiable in the feedback from the IFSWF membership. Private sector collaborators should work directly with sub-committees (SC research partners) or be offered roles as moderators and panellists at the Annual Meetings at their own cost. Appendix 1 provides a summary of the collaborative framework that the Forum could formalize.

• **Pillar 4 (Academic research and educational networks)**
  - Major universities have shown strong interest in working with the IFSWF both on research and educational frameworks for our members. Members are invited to participate in these frameworks on a voluntary and self-financing basis.
  - Under certain tightly defined criteria, the Board may authorise financial or other support for academic research (partial subsidy, member contribution match or full cost). This shall not exceed 10,000 pounds per institution per annum and 25,000 pounds in total per annum. Commitments will be made for a maximum of three years, subject to annual review and recommendation by the Secretariat.
  - Subject to section IV, the criteria are any of the following: (a) that the research must benefit the membership at large; (b) that there is a substantial element of knowledge transfer; (c) that the initiative promotes the Santiago Principles in a novel manner or (d) that the initiative promotes closer, substantial, links between members.
  - Appendix 2 and 3 illustrates two concrete frameworks that members can consider. Other universities are also developing frameworks with educational content and focus on SWFs. The Board should endorse these engagements after deciding on reputation and relevance (report provided by Secretariat) and recommend these options to the membership periodically on a voluntary and self-financing basis.

**VI. DELEGATION AND AUTHORITY**

Members identify the Secretariat as a clearinghouse and sounding board. This applies also in the research process and execution of the agreed deliveries of the Forum. The Secretariat has a central role in terms of recommending to the Board, work plans, and subcommittee work and engagement with collaborators. The Board authorizes the Secretariat to execute on approved research plans with approved collaborators (Appendix 1).

Wherever research is carried out with IFSWF financial contribution, the Secretariat shall recommend the final draft to the Board before public presentation or publication. All research must acknowledge IFSWF contributions. Wherever a member has separately
contributed time or financial resources, these should also be acknowledged subject to the member’s preferences.

VII. RESEARCH TOPICS AND PRESENTATIONS

The Secretariat will survey the members for suitable research topics that can be prioritised by the Board. The research will be available on www.ifswf.org and selected works will be presented at IFSWF events (especially the Annual Meeting). The progress on research can be monitored in a research plan to be updated at board meeting.

VIII. RESEARCH PARTNERSHIPS

Based on a consideration of reputation, relevance and value offered, the following taxonomy for research partners is adopted:

- **Founding Sponsor** - IMF only (per members' agreement)
- **Permanent Observer** - Policy Institutions (board approved)
- **Educational partners** - university partners offering educational programs (board approved)
- **Research partners** - officially endorsed by SC leads or agreed with the board
- **Research affiliates** - Private sector research institutions
- **IFSWF Advisors** - Business relationships (board approved per Appendix 1)

The Secretariat will identify and maintain a schedule of approved collaborators to be approved by the Board from time to time. (Appendix 1).

IX. STEPS TOWARDS A RESEARCH FRAMEWORK

The actionable steps to follow to establish the research framework are as follows:

1) Board endorsement of the research framework and the list of approved collaborators (Appendix 1).
2) Drawing up Memoranda of Understanding with Sovereign Investment Academy and SovereignNET (to develop educational frameworks). (IFSWF Chair and Secretariat).
3) Endorse SC2 research partners (Bridgewater Associates and State Street Global Advisors) and promote the use of external research partners in sub-committee work.
4) Invite prospective policy institutions to formalize reciprocal observer roles (IFSWF Chair and Secretariat).
5) Present research framework to members at the workshop in Baku on 1-2 March 2016.
6) Execute the 2016 research agenda within the new framework.
7) Secretariat to update the Board at board meetings on progress on the agreed research plans and suggests additions to the list of eligible collaborators.
8) Review framework in Auckland at the 8th Annual Meeting.