

# SANTIAGO PRINCIPLES KNOWLEDGE SHARING WORKSHOP

Four Seasons Hotel Baku  
1-2 March 2016

# Santiago Principles Knowledge Sharing Workshop

## About the Workshop

This knowledge sharing workshop hosted by IFSWF's SC1 and SOFAZ in Baku on 1-2 March 2016 will provide IFSWF members an opportunity to work closely with peers on issues of common interest, as identified in the survey conducted by SC1 and SOFAZ.

Workshop themes include Santiago Principles implementation, risk management, investment strategy, responsible investment, and strategic investors/SDFs. IFSWF Chair Adrian Orr will also lead a session. Depending on the number of workshop participants, sessions may be divided into parallel sessions to allow for in-depth discussion in groups of 10-20 members each.

IFSWF members will lead all discussions. We encourage participants to volunteer to lead or co-lead a session if you have not done so already.

## Message from the Host

SOFAZ looks forward to seeing you in Baku. We have worked with SC1 and the Secretariat to organize IFSWF's first knowledge sharing workshop as a way to demonstrate our commitment to IFSWF's mission.

We encourage participants to arrive at the workshop prepared to share their experiences and learn from their IFSWF colleagues. We hope that after two days learning together, participants will leave with a better understanding of one another, and a deeper commitment to implementing good practices and the Santiago Principles.

We hope that this workshop will be the first of many over the coming years.

## Logistics

**When:** Tuesday 1 March and Wednesday 2 March 2016

**Where:** Four Seasons Hotel Baku, 1 Neftchilar Avenue, AZ1095, Baku, Azerbaijan

**Hotel and airport transfer:** make your reservations by sending the attached form to [reservations.bku@fourseasons.com](mailto:reservations.bku@fourseasons.com)

**Cost:** No cost to participate, but participants must cover their own travel and accommodation

**Visa:** Citizens of most countries need to apply for a visa from the embassy of Azerbaijan in your country before departure. Please email a scan of your passport to Jalal at [jbaghishov@oilfund.az](mailto:jbaghishov@oilfund.az), and he will send you the necessary invitation letter.

**Registration deadline:** 31 January 2016

**To register:** please complete this form: <http://goo.gl/forms/MvN3XRsou8>

## Tuesday, 1 March

### Optional Pre-Session

10:00 am - 12:00 pm	<b>Sovereign Development Funds and “Double-Bottom-Line” Investments.</b> Several IFSWF members have mandates which include economic development or strategic investment. This session will allow those funds to discuss their investment models with one another, and will devote particular attention to: benchmarking and economic impact evaluation, governance for domestic investments, and SP implementation considerations for SDFs.
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### Working Lunch with Introductory Presentation

12:00 pm - 1:00 pm	SOFAZ and IFSWF hosts will welcome participants and present the agenda and goals
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### Subcommittee Working Sessions

1:00 pm - 2:30 pm	Subcommittee Working Sessions
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### Implementing IFSWF’s Strategic Plan

2:30 pm - 5:00 pm	<p><b>How Can the IFSWF Increase Knowledge Sharing and Staff Exchange?</b> SOFAZ has suggested that the IFSWF could provide greater incentives for knowledge sharing. How should the IFSWF do this? What additional efforts can members make? Possibilities include recognition at the annual meeting, peer awards, awards for original member or collaborative research, etc. This session will also consider bilateral staff exchange between members as suggested by the FSI, and how the Secretariat can support such efforts. This session aims to draft concrete proposal for consideration by the membership and Board.</p> <p><b>The Research Role of the IFSWF.</b> The IFSWF is well positioned to collaborate with the academic community on SWF-related research issues. For example, the IFSWF is mandated to serve as a sounding board and knowledge repository for IFSWF members. IFSWF could also survey members to collect investment data for collaborative research with the academic community. The academic community already makes a meaningful contribution to the IFSWF annual meeting, and many members maintain bilateral links with academic partners. This could give rise to educational frameworks with major universities specifically tailored for the needs of SWFs. This session will examine how members can collaboratively work together and benefit from increased coordination between the IFSWF and academic community.</p> <p><b>Should the IFSWF Organize Joint Research Trips to Investment Recipient Countries?</b> Given the prominence of the IFSWF and its members, and the many official relationships among the membership, David Neal, CEO of the Australian Future Fund suggested that the IFSWF is well positioned to provide members access to policymakers and other stakeholders in investment recipient countries. Over the course of a one to two-day trip organized by IFSWF, but paid by members, both members and investment recipients would learn and benefit by deepening their knowledge of one another, promoting both the free flow of capital and greater understanding of SWFs and their investment objectives. The engagement would also provide a valuable opportunity for members to strengthen relationships among themselves, exchanging perspectives on best practice and identifying opportunities for collaboration on investment and operational matters. This session aims to outline a concrete and detailed proposal for consideration by the members and board: what countries should members visit? What should be the project structure, possible external partners, funding structure, organizational responsibilities, member leads, etc.</p>
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### Group Wrap Up

5:00 pm - 6:00 pm	We will summarize the day’s work and plan next steps
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### Break

6:00 pm - 7:00 pm	Break
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### Cocktail and casual dinner

7:00 pm - 9:30 pm	Cocktail and casual dinner
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# Wednesday, 2 March

## Casual Breakfast

8:00 am - 9:00 am | Casual Breakfast

## Santiago Principles Working Sessions

9:00 am - 11:00 am | **Santiago Principles in Practice: Implementing the Investment Mandate and Reporting Performance and Risk.** SC1 has identified the creation of the SWF's investment mandate and risk framework, and how investment performance and risks are reported, as key focus areas. These topics are broadly covered by Santiago Principles 18, 19, 22, and 23. This session will examine the SWF's relationship with the owner via the processes of downward delegation of authority, and upward reporting. First, how has the SWF used its delegated authority to translate the legislative requirements and policy mandates into actionable investment frameworks? Second, how does the SWF report information about investment strategy, performance, and risks upwards to the owner? After sharing experiences, participants will try to draw broader lessons, takeaways, and areas for further collaborative research.

### Santiago Principles Application: Towards Best Practice

In this session, participants will discuss at a high level how they approach Santiago Principles implementation. What office or team within the SWF has assumed responsibility for Santiago Principles implementation and assessment? How have the Santiago Principles impacted the SWF's investment and other activities? What regular review processes have they put in place? This session aims to provide a forum for sharing of experiences on Santiago Principles implementation, so that members can learn from their peers' experiences.

## Responsible Investment

11:00 am - 12:30 pm | Responsible investment, environmental, social, and governance (ESG) factors, and sustainability are becoming increasingly important considerations for SWFs. SOFAZ has suggested a session that will open the floor for an exchange of views and experiences on SRI, ESG, and sustainability implementation. Session participants will discuss the current and prospective challenges in the implantation of SRI and ESG policies across the SWF community, and how IFSWF members can collaborate more closely with one another on the topic.

## Casual Lunch

12:30 pm - 2:00 pm | Lunch and short break

## Comparison of Investment Strategies Across the Membership

2:00 pm - 3:30 pm | Multiple members have proposed that the IFSWF serve as a forum for comparison of member investment strategies. As a first step, IFSWF members will engage in an open discussion to share high-level investment strategy considerations with one another: what are the foundations of their investment objectives, beliefs, and strategy? The session will then focus on two member suggested areas: strategic asset allocation as suggested by CIC and perspectives on investing in public versus private markets as suggested by Norway. Finally, members will consider possibilities for collaboratively produced case studies and analysis.

## A Holistic Approach to Risk Management

3:30 pm - 5:00 pm | After recent financial crises institutional investors have increased their efforts to improve their risk management frameworks, and many of them have chosen a holistic approach to risk management – moving from a fragmented methodology to an integrated and broadly focused methodology. A holistic risk management perspective includes not only financial, but also, strategic, operational, and other risks. As suggested by SOFAZ and CIC, this session will allow participants to share thoughts on how SWFs can take a more holistic and integrated approach, and will consider challenges and risk factors institutional investors face in today's market.

## Group Wrap Up

5:00 pm - 6:00 pm | We will summarize workshop conclusions and plan next steps

## Break

6:00 pm - 7:00 pm | Break

## Cocktail and casual dinner

7:00 pm - 9:30 pm | Cocktail and casual dinner

