

LIMITED PARTNER COMMUNICATIONS: ADDRESSING HEADLINE RISK EVENTS

Guidance and Considerations for Institutional Investors

August 2019



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EXECUTIVE SUMMARY

Often unpredictable, unfortunate, and uncontrollable, headline risk events have the potential to publicly compromise a limited partner's values and negatively impact the Institution's brand. Advance planning and understanding of the components of an efficient response when required will help ensure an Institution's values are effectively communicated during such situations.

Advance Preparation: Setting the Stage for an Effective Response: To prepare for a headline risk event in which a response is necessitated, Institutions should ensure that the proper infrastructure is implemented both internally and externally.

- Identify team members who will serve on a small, clearly defined response team.
- Consider the various external stakeholders and audiences with whom the Institution might coordinate and communicate with during a response.
- Establish foundational facts and standing messages around organizational values and policies.
- Assess systems to quickly gather factual information around all investments.

Strong Coordination: Upon Realization of Headline Risk Event: If properly prepared, an Institution should be in a position to develop a comprehensive response plan quickly when required. Steps include:

- Convene the designated response team to outline the communications planning process and assign/confirm roles
- Contact the GP(s) involved in the situation and assess their perspective and alignment of their response
- Assemble a fact sheet on Institutional relationships, ESG policies, and LP agreements with the respective parties involved.
- Inform internal stakeholders, with priority given to senior leadership and members of the Board of Trustees.

Strategy Formulation: Assessing the Need to Respond Publicly: Depending on the exact situation, an Institution may or may not be compelled to respond publicly to a headline event. There are a number of scenarios – both those where an Institution is or is not yet publicly identified – that would warrant some type of communication. Each Institution must make this decision based on the level of perceived risk of responding or not responding. Positions can change over time; internal stakeholders should be informed along the way.

Decisive Action: Crafting a Public Response: When a public response is necessary, a range of communications strategies are possible, including:

- A “no comment” statement can be employed to respond to inquiries when the Institution does not feel that its position needs to be publicly stated or otherwise clarified.
- A “holding statement” can be used when the Institution is not prepared to publicly disclose its position but receives a media inquiry.
- A prepared statement can be valuable for an Institution seeking to provide a measured response.
- An open or directed letter drafted by Institutional leadership can be used to respond to a larger group of stakeholders.
- A media interview can be employed if the Institution is taking significant action to address the situation and the designated spokesperson has sufficient media training.
- An email interview may be used to respond to a media inquiry over email, which allows Institutions the ability to craft a response without the pressure of a real time conversation.

Effective Execution: Coordinating and Implementing a Response Plan: The implementation of an effective response requires strong coordination, consistency of messaging, attention to sequencing and commitments to short and long term assessments of the plan. Important elements are:

- Defining a process for drafting and vetting materials
- Developing a messaging document that feeds all materials
- Determining proper sequencing of communications to various audiences
- Assessing reaction to the strategy
- Reviewing and debriefing on overall effectiveness

ILPA recognizes that each Institution has a different appetite for public communications and unique scenarios warrant distinct responses. The intent of this guidance is to provide important considerations for limited partners when faced with any headline risk event so that they can effectively craft an effective strategy that meets their needs.

Questions and comments regarding this guidance can be directed to communications@ilpa.org.

Foreword

The ongoing rise of Environmental, Social and Governance (ESG) awareness within the private equity industry promises to hold all players – limited partners, general partners and portfolio companies -- more accountable for the impact their respective strategies have on stakeholders across the broader ecosystem. Both investors and fund managers alike are considering and/or implementing policies that seek to prevent situations where the values held by the Institution, fund or portfolio companies are compromised during the lifecycle of their investments. While these ESG policies set appropriate expectations for player behavior and strategies, it is unlikely that all risks in which corporate responsibility is compromised can be anticipated and mitigated at the outset of the investment period.

For limited partners who have little or no control over fund manager or portfolio company activity, this risk can be especially high. Even the most conscientious investors may find themselves enveloped in scenarios where a portfolio company or fund manager is being publicly criticized for actions over which the LP has no control. In the last year, we have seen a rise in activists, unions, employees, politicians and the press targeting limited partners in their queries regarding remedies for situations deemed untenable, especially when they are unsatisfied with the response of the company or PE fund manager. This headline risk has become relevant for all parties involved.

Headline risk events vary in their nature and severity but could include company-specific environmental breaches, facility closings, layoffs, mistreatment of employees, management misconduct or fraud. Events could also include higher level criticism of major socioeconomic or political positions that relate to specific investments such as guns, prisons, or pharmaceuticals. In most instances, these situations could not be predicted and are certainly not desired by any of the parties in question. Yet, those individuals or groups negatively impacted will certainly want answers from those they believe to be responsible, even if immediate solutions are not apparent.

When such a headline event occurs, the existence of a communications response plan to quickly and accurately articulate the Institution's position on the situation to key stakeholders is paramount to ensure:

- The values of the Institution are properly expressed and the brand is protected
- The message is consistent with the Institutional strategy
- Key stakeholders are informed of facts and not susceptible to misinformation

This guidance seeks to outline the communications options available to limited partner Institutions to prepare for and respond to negative external events to which the LP has a connection. It is important to note that every situation is unique, as is every Institution's philosophy around crisis communications and their respective capacities to respond. We encourage every Institution to speak with their management teams and legal counsel about an approach that best suits their needs.

The Benefits of a Communications Response Plan

While the risk of experiencing a headline event as a limited partner participant has increased in recent years, most Institutions do not have a communications response plan in place. The need to speak publicly on the activities of a fund manager or portfolio company have historically been few and far between. In many instances, the limited partner can successfully remain out of the public eye, or choose to not respond publicly if questioned about a relationship.

Yet, when a serious breach occurs, (it matters not whether it is deemed serious by the limited partner or the public at large) the brand of the LP Institution could be put at risk in a very short time frame. Typically, the need for a crisis communications response arises from an event that has the following characteristics and implications:

Unpredictable: Limited partner investors are in the business of managing and mitigating risks. At the outset of a relationship with a fund manager, investment exclusions and ESG policies should be negotiated and understood by all parties to avoid scenarios in which the values of the Institution are compromised. However, many scenarios are unpredictable, and therefore difficult to prepare much for in advance. Creating a process understood by all, which can be followed in the event of a crisis, mitigates the suddenness and surprise.

Unfortunate: There is nothing positive about a crisis, especially when there is harm being inflicted on stakeholder groups. The negative frame only raises the stakes and the emotions involved in the response. If the scenario is being played out publicly, a sense of urgency will also come into play as well. Most organizations want to do the right thing, which in some cases is communicating quickly, clearly and accurately.

Uncontrollable: In a scenario in which a portfolio company or a fund manager has breached the trust of a stakeholder group, the LP is often not in a position – legal or otherwise – to remediate the situation directly. The LP can however, respond in a controlled manner that is thoughtful, articulate and represents the values of the Institution.

Having a process for addressing headline risk events will mitigate the above factors, and allow the limited partner to move quickly and efficiently in a response. The purpose of this guidance is not to prescribe a specific response, but rather to present an approach to ensure readiness and the ability to execute smoothly when an LP response to a headline event is deemed warranted.

Advance Preparation: Setting the Stage for an Effective Response

There are a number of steps that Institutions can take to expedite a response when required. Ensuring that the proper infrastructure and processes are in place is a simple exercise and one that can be completed by a leadership team at any time without disrupting operations. Preparing involves an initial determination and periodic review of the following:

1. Who specifically will take the lead in responding to a headline risk event?
2. Who does the Institution consider as key stakeholders?
3. Does the organization have foundational information and talking points at the ready?

The following offers an approach to addressing each of these areas:

Identify a Response Team: Like designating a fire marshal for evacuating a building, identifying a communications response team in advance of any crisis saves valuable time when teams need it most. Those making decisions on messaging and strategy should be few in number and broad in perspective. In smaller organizations, individuals can play more than one of the following important roles:

- **Point Person:** This individual, often a communications professional if available, coordinates the activities and brings the various internal perspectives together. The Point Person is responsible for drafting materials and ensuring that all stakeholders are communicated to effectively. A large Institution's corporate communications department will likely take the lead in the process and may assign a team to the situation. If the Institution does not have a dedicated communications professional or department, this role can be handled by a PR agency, or another internal professional with strong writing skills.
- **Investment Officer:** The investment professional who has the primary relationship with the fund manager in question likely has the most knowledge and history. This individual not only can provide valuable information but can also serve as a valuable liaison with the fund manager with whom the team will need to coordinate. This individual will vary depending on which fund is impacted. However, in preparation, all members of the investment staff should be made aware that they may be brought in to serve on a communications response team should the scenario involve one of their fund managers.
- **Legal and / or ESG Representative:** Including counsel – whether in-house or external – is strongly recommended to ensure the company is in compliance with regulations and is not taking any undue legal risk in its response plan. If the headline event touches on a specific ESG criteria that the Institution has out forth, a representative who has knowledge of such a strategy would also be helpful in contributing to the response.
- **Investment Team Leadership:** Individuals who are ultimately responsible for the Institutional investment brand should be invited to have roles on the response team. This individual could include the CIO, head of alternatives, or executive director. They will likely be responsible for conveying messaging to the broader organizational leadership and Board of Trustees and could serve as the public spokesperson depending on the profile of the situation.

Moving efficiently during a crisis suggests a team of no more than 5 individuals, with distinct roles. As numbers increase, it is more difficult to make decisions and message quickly. The hope is to never have to bring this team together for a crisis, but if such a crisis occurs, knowing who will be a part is key.

Understand Potential Communications Partners and Audiences

While the inquiry regarding a headline risk event may come from an individual or a single group, once a situation is made public, there are multiple audiences that must be considered for both coordination and communication:

- **Fund Manager(s) and other Limited Partner(s) Involved** - Coordination of the Institutional response with the GP(s) and LP(s) involved in the situation is paramount. Each will be developing their own plan, which should be consistent with the messages everyone is sending. Advance awareness of the other LPs invested alongside the Institution will save time.
- **Institutional Leadership Outside Investment Function** – This group includes those organizational leaders outside the investment team and to whom the CIO (or equivalent) reports such as the Institution’s CEO, university president, founding family member, etc.
- **Board of Trustees** – If the Institution has a Board of Trustees, their support of the response is most important. The Board will need to be informed consistently along the way. Determining a point person on the Board to help share information with all Directors is helpful.
- **Employees of Institution, GPs and Portfolio Companies Involved** – While employees are unlikely to contribute to the Institution’s messaging and response, they are ambassadors of the brand, and in some headline risk events, the stakeholders most impacted by the situation. In some instances, separate communications plans and materials are warranted for some or all of these groups.
- **Beneficiaries** – Institutional beneficiaries, by their mere numbers, are also not in a position to contribute to messaging but remain an important audience to consider. By definition, these stakeholders are benefitting from the returns of an Institution’s investment decisions, and should have comfort knowing that that money is being directed to worthy, upstanding vehicles that align with their values.
- **Press** – Journalists who are interested in covering the story have the greatest means to distribute Institution messages far and wide. They also have the opportunity to create a narrative that supports or refutes the Institution’s intent. Some important considerations when dealing with the press are included later in this document.

Having strong ongoing relationships with all of these audiences goes a long way towards an effective communications plan. However, in absence of that, upfront recognition of the need to include them in any response will prevent missteps.

Establish Foundational Facts and Messages

Being able to quickly and confidently share relevant information regarding the Institution’s values and policies will bring foundational certainty to bear on a difficult situation. Most organizations can develop messages around the following topics in advance of any headline incidences:

- Does the Institution have an ESG or investment policy that articulates beliefs and values? Can it be shared publicly?
- Does the Institution have investment exclusions in the Limited Partner Agreement?
- What are the criteria in the Limited Partner Agreement for a GP removal?
- How does the Institution incorporate its values into its role as a fiduciary?

Additionally, it is important that the team has quick and easy access to information about fund manager relationships and portfolio company details. Most Institutions have a CRM system with this information, including:

- Length of relationship with all fund managers
- Name of funds and vintage year
- Name of individual partners on funds and specific deal
- Date of portfolio company investments

Often, being able to provide these important facts demonstrates a level of transparency that is appreciated by stakeholders involved in the situation.

Strong Coordination: Upon Realization of Headline Risk Event

Often, realization of a headline risk event begins with a news story outlining the alleged breach by a fund manager or portfolio company. Even if the limited partners are not named in the story, this should be the moment to begin internal discussions regarding a response. The time and effort required to determine a strategy and craft a response should not be underestimated. The following steps can be taken immediately, without the need to issue any type of communication:

Assemble the Response Team: The designated team should gather to begin to discuss the communications plan and confirm roles, should a response be necessary. At that meeting, all should be brought up to speed on the facts of the situation, including the relationships with the parties involved, the severity of the situation, and the anticipated timeline for action.

Contact the Fund Manager(s): The Institution should contact the GP(s) involved to understand their perspective (including all facts available that may not be in the public domain) and response plan to the situation. An assessment will be made by the response team as to whether the response by the GP is adequate, and whether the Institution can support it. This assessment should be ongoing throughout the communications process, as the situation could change.

Assemble Institutional Facts: Begin to assemble a fact sheet on the Institutional relationship with the parties in question. This includes information about the relationship with the fund manager and portfolio company as well as any ESG policies or LP agreements that are triggered by the event.

Notify Internal Stakeholders: Priority should be given to senior leadership of the Institutions and the Board of Trustees, all who should be made aware of the situation as well the current response plan. If necessary, a commitment to regular update calls may be helpful.

Strategy Formulation: Assessing the Need to Respond Publicly

An Institution may find itself compelled to respond publicly to a situation in order to demonstrate its values and protect its brand. Scenarios where a public response could be warranted include but are not limited to:

- Institution is named publicly (news story or otherwise) as being an investor in a fund related to a specific situation or investing in a particular sector under scrutiny
- Institution is contacted by a journalist who is writing a story on the specific situation or macro-issue
- Institution is contacted by a stakeholder group with concerns about a specific investment or macro-issue
- Institution is not yet contacted but situation will require action from the Institution immediately or in the near future (GP removal, suspension of investment period, etc.)
- Institution is not yet contacted but situation is in irrefutable contrast to the values of the Institution

The Response Team should assess both the risk of responding and not responding. Risks of responding include additional public focus on the institution and potential increasing expectations for action that may arise from such publicity. The risks of not responding include having the Institution's position wrongly articulated or inadvertently conveying an indifference to a situation in which the Institution cares considerably.

If the decision is to not respond, setting a threshold at which a response would take place is often a helpful exercise. Situations evolve over time, and an Institution's position could evolve as well. In this scenario, agreement by the response team to monitor the situation at set intervals allows for a change in direction in short order if necessary. The decision(s) should also be communicated swiftly to the designated internal stakeholders.

Decisive Action: Crafting a Public Response

When the need to respond publicly arises, whether it be proactive or reactive, there exists a spectrum of communications strategies to consider. Regardless of strategy, the Institution should be mindful of respecting the timeline of an inquiry. Responses should take place within 12 business hours of an inquiry, and hopefully less.

No Comment

“No comment” is a viable communications strategy throughout an incident if the Institution does not feel as if its position needs to be established or clarified with the public. It is to be used in response to an inquiry, and not without prompting. However, actually issuing a statement that says “no comment” can come across as uncaring or dismissive. Similarly, a failure to return a reporter call will be represented as “ABC Institution failed to return our calls,” leaving a similar impression. A better approach, if possible, is to promptly contact the individual who has reached out via email with a note that conveys the following:

Thank you for reaching out to us. At this time, ABC Institution is not in a position to comment on the situation (Or: Our current policy limits our ability to comment on the situation.) Should our position (policy) change, we will be in touch with you. We appreciate your understanding.

This statement can and should be used for all inquiries. Consistency in response will support the Institution’s credibility. Once that note is sent, there is no need to respond to further inquiries from that source.

Holding Statement

A variation of the “no comment” statement is the “holding statement” which can be employed if, when contacted, the Institution is in the process of determining its response but is not yet ready to publicly share its position. It bides some time, and relieves some immediate pressure.

Thank you for reaching out to us. ABC Institution is in the process of understanding the circumstances and assessing the situation, and cannot comment at this time. However, we will be back in touch with you in the coming days if we are able to respond. We appreciate your patience.

It is important to note that a holding statement is typically followed up with a more detailed response from the options below rather than “no comment.”

Prepared Statement

A prepared statement allows an Institution to respond to a situation in a controlled manner and share a position without having to respond to further inquiries. It demonstrates responsiveness and could relieve public pressure in a manner that a “no comment” strategy would not.

Prepared statements will vary based on the situation, the Institution’s position, and plan for action. However, all effective public statements are typically short (250 words or less), identify a spokesperson, and articulate an understanding of the situation and a definitive position of the Institution. Such statements typically do not get into great detail about future action.

A sample public statement can be found in Appendix A. Once it is crafted and vetted by the right members of the response team, the statement can be emailed to journalists or other audiences or interested parties. It can also be issued as a press release and posted on a company website. Should follow up questions arise after the

statement is issued, the Institution may decide to respond (in writing is recommended) or decline with a response that reads:

Thank you for your follow up question. At this time, we are not in a position to comment further on this situation. Should that position change, we will be in touch.

Open or Directed Letter from Institutional Leadership

An open or directed letter from Institutional leadership is similar to a prepared statement but has the flexibility to provide greater detail about the organization's position or plan for action. An open letter is a public document that can be emailed to interested parties and posted on an organizational website. It is usually addressed to a larger group of impacted stakeholders. A directed letter can be sent to an impacted party or other stakeholder group such as the Institution's employees or beneficiaries, but should also be considered public.

An open or directed letter can be issued at any time and in concert with any of the strategies listed here. It can also be used as a statement, and can be shared with journalists or stakeholders to articulate the Institution's position.

Media Interview

Media interviews – on the phone or in person – are appropriate if the Institution is taking substantial action to address the situation and has a strong comfort level speaking to press. If the Institution is not taking a strong position or action, a media interview is not advised.

The individual who does the interview should have media training, and be well prepared with the Institution's messages and familiarity with materials that demonstrate or support the organization's position, such as the ESG policy. Media interviews may also be employed in conjunction with any of the strategies above.

Speaking to the media can be daunting, as the risk of being misquoted or remarks being taken out of context is real. Yet it can be an effective manner to get messages into the public domain. There are a number of approaches to media interviews to be considered:

- **On the Record or For Attribution:** If the conversation is on the record, everything shared may be used in a story and attributed to the speaker. Some reporters will ask if the conversation is on the record before beginning; however, if nothing is clarified, ***the conversation is assumed to be on the record.*** For this reason, it is important to be clear at the outset as to the parameters. It is considered extremely bad form to share information and then declare it "off the record" after the fact. Some reporters will not honor such a request, so be clear from the beginning.
- **On Background:** If the Institution asks to speak to a reporter "on background", the information provided can be used in the story but typically will not be attributed to an individual or Institution. Often, the information will be presented as coming from "an official familiar with the situation" or stated as fact without any attribution.
- **Off The Record:** Speaking "off the record" to a reporter means that the reporter cannot use the information in the story. Reporters can however use the information without attribution if it can be verified by another source.

One approach to a press interview is to state that the conversation is "on background" at the outset, but the spokesperson will consider going "on the record" during certain pieces of the conversation at the request of the reporter. With this approach, the reporter would ask if it is permissible to quote the spokesperson on specific components of the conversation. The spokesperson may agree or decline.

Institutions may ask to review and verify quotes before publication, but many reporters will not honor this request and are not obligated in any way to do so. Be prepared to be quoted directly if on the record.

Email Interview

A viable alternative to an in-person or phone-based media interview is to offer to respond to a reporter's questions via email. This strategy allows the Institution to respond to questions in a manner that is consistent with the organizational messages that have been established without the pressure of a real time conversation. Responses can also be vetted by the team, although this process should happen quickly and with respect to the reporter's deadline. When responding in writing, such communications are typically "on the record" and for attribution. The team should be prepared to name an individual at the Institution who should be quoted.

With all media interviews, it is critical that the team understand the timing of the story. Waiting even 24 hours to respond to a reporter request will likely result in a missed opportunity. "What is your timing for a conversation?" is one of the first questions that should be asked.

Effective Execution: Coordinating and Implementing the Response Plan

Define Process for Developing and Vetting Materials

Establishing a process in advance to develop and vet materials will allow for greater efficiencies in the moment. All response teams should have a group that drafts materials, a group that reviews and provides input, and a group that is informed prior to distribution.

- **Drafting Group** – This group should be as small as possible; one individual who collects input from the response team is often perfect to develop the first draft.
- **Review Group** – This group should also be as limited as possible and comprise the full response team (including legal counsel). Additional members may include the GP (if there is alignment in the response) as well as others in the organization who are responsible for communications or public affairs.
- **Advance Group** – This group should be comprised of critical stakeholders who should be aware of the Institution’s messages and strategy prior to distributing information publicly. These individuals may include the GP and portfolio company management, Board of Trustees or other leadership within the Institution. While the advance group is meant to be broader than the review and drafting groups, Institutions should be disciplined in the breadth of their advance distribution, and be clear that the team is not seeking input, just informing.

As the development and vetting process begins, the team should be clear on required response times so that feedback can be incorporated in an efficient manner.

Begin with Messaging

In addition to the response materials listed above, the organization may wish to begin with a Messaging Document. Not meant for public consumption, this is an internal document that articulates the Institution’s messages in a clear and concise manner. It often becomes the basis for external materials, and is helpful to develop and distribute to all spokespersons to ensure consistency.

The Messaging Document should be the first document developed and vetted. It can take the form of an FAQ so individuals can easily interpret the nature of the message and the questions the Institution is seeking to answer. The document should also be a living document in that it can be updated as any additional, unanticipated questions are asked and answered during the communications process. A sample FAQ messaging document is in Appendix B.

Determine Proper Sequencing

As the Institution determines what to communicate, the team must also determine who needs to understand the formal position and when. A good rule of thumb to determine whether and when an audience requires an advance or separate communication is whether they would be legitimately compromised if they heard the Institution’s response from a third party source before they heard it directly from the organization. A typical sequencing schedule is tightly managed and occurs within hours, not days.

As an example, if the Institution were to issue a public statement, a sequencing plan may resemble the following:

- August 9: 5:00 p.m. – Final draft public statement send confidentially to Institutional leadership, Board of Trustees, GP Fund Manager, Other LPs, and Portfolio Company leadership with plans for timing

- August 10: 9:00 a.m. – Public Statement released over newswires and posted on website
- August 10: 9:00 a.m. - Email from ABC Institution CEO to Institution employees with link to public statement
- August 10: 10:00 a.m. – Email from ABC Institution CEO to beneficiaries and other external stakeholders deemed material to the situation

Assess Response on an Ongoing Basis

Once a public statement is made, letter is issued, interview is completed and stories are written, the Institution should monitor the response that occurs. Responses to follow-up questions can be made based on the Institution's best judgement. Misinformation should be corrected and can be clarified via email.

If the headline risk event is particularly sensitive and the Institution is taking action, an email box could be established to take questions. This strategy is recommended only if the Institution has the resources to staff and respond in a timely manner.

A headline risk event can take place over a period of days, weeks or months. The Institution's response team should continue to meet on a regular basis until the situation is resolved and the inquiries have subsided.

Long Term Review

It is always instructive to review the process in the weeks and months following the response. Analyzing the response effectiveness and making necessary process changes for future events is time well spent. While the hope is that such headline risk events happen rarely, if at all, materials and approaches that were deemed effective can and should be repurposed for future responses.

Appendix A: Sample Public Statement Components

The following presents the components and sample language for a public statement regarding a fictitious headline risk event:

Begin with defining the issue and the situation, and identify your spokesperson:

The following statement is in response to the recent issues at Standard Corporation and can be attributed to Jane Smith, CIO, ABC Institution:

Describe the situation, timing and impact to which you are referring:

On August 9, 2019, Standard Corporation announced the closing of its facility in Albany, New York and the corresponding loss of 600 local jobs.

On August 9, 2019, we were made aware of a toxic leak at Standard Corporation's Albany, New York facility resulting in the contamination of 1000 acres around the facility.

On August 9, 2019, we were informed that Mary Johnson, CEO of Standard Corporation was arrested on allegations of insider trading.

State your organization's relationship to the situation and why you are issuing the statement:

ABC Institution is an investor in XYZ Capital Partners who owns a controlling stake in Standard Corporation. We have been an investor in various XYZ funds since 2003. This incident is the first of its kind in our 15 year relationship.

We would like to articulate our position on the situation and share our plan of action going forward.

State your organization's position on the situation, including any ESG policies that reflect that position:

ABC Institution is committed to an investment strategy that supports value creation and growth for our beneficiaries while promoting responsible environmental, social and governance (ESG) practices.

Unfortunately, the situation at Standard Corporation does not reflect those ideals, specifically our position on environmental safety (diversity and inclusion, worker's rights, etc.).

Include any action you have or expect to take:

We are in active discussions with our partners at XYZ Capital Partners and Standard Corporation to mitigate the negative impact, and remediate the current situation.

If applicable, include any realities that prevent you from taking action:

While our limited partner agreement with XYZ Capital Partners includes a number of negative externalities that would allow us to divest from a particular investment, the current scenario was not anticipated nor reflected in our agreement. Further, as a limited partner, ABC's ability to direct XYZ or Standard Corporation's activities is, in fact, limited.

We are committed to ABC's ideals and will be engaged to the best of our ability to respond to this current situation. We will also communicate any updates to the relevant stakeholders as is appropriate.

Appendix B: Sample Internal Messaging FAQ

The following questions are not exhaustive nor prescriptive. They should all be considered and included based on the particular situation and the Institution's comfort level in addressing each question in an authentic manner:

- Describe the nature of the headline event.
- What is ABC Institution's relationship with XYZ Capital Partners?
- What is ABC Institution's relationship with Standard Corp?
- When did ABC learn about the problems at Standard Corp?
- Has ABC ever had similar issues with XYZ or Standard Corp?
- What is ABC's position regarding the problems at Standard Corp?
- Does ABC agree with the response strategy of XYZ Capital Partners? With the strategy of Standard Corp?
- Does ABC have any ESG policies that address the problems at Standard Corp? If yes, please describe or provide.
- Will ABC take any independent action to remediate the situation? Why or why not?
- Will ABC liquidate its holdings in XYZ? If not, why not?
- Will ABC invest in XYZ going forward? Why or why not?
- As a limited partner, what are the restrictions on ABC's ability to engage in the situation?
- Will ABC take any action to mitigate the risks of similar events occurring in the future?
- How will ABC communicate regarding updates around the situation?

Appendix C: Headline Event Response Checklist

Before a headline event occurs, there are several steps an Institution can undertake to ensure it is well-prepared to manage such a situation should one take place. These include:

- Identify a response team, with clearly defined role(s) for each team member
- Compile a list of potential communications partners and audiences that should be considered when coordinating communications
- Establish organizational factual messages related to Institutional values and policies
- Confirm access to information related to the Institution's fund managers and specific investment allocations

Similarly, there are certain actionable steps Institutions may take once a headline event is realized including:

- Assemble the response team to discuss a communications plan and provide facts on the situation
- Contact the GP(s) involved in the situation to understand their perspective and response plan relative to that of the Institution's
- Assemble a fact sheet with information pertinent to the situation
- Notify internal stakeholders, beginning with the senior leadership team and the Board of Trustees
- Assess whether the Institution needs to respond publicly
- Craft and implement a public response and develop any relevant communications materials
- Draft an internal messaging document to feed other materials
- Determine a sequencing schedule for all relevant communications
- Issue any and all public materials

Finally, there are specific steps Institutions can implement during the subsequent monitoring and review process of its crisis communications response:

- Monitor public response to the situation across media outlets and stakeholder organizations
- Correct and/or clarify any misinformation
- Assemble response team regularly to continue assessing the situation
- Analyze response effectiveness and make any necessary changes to the Institution's process



Washington, DC | Toronto, Ontario

ILPA.ORG | @ILPAORG

For questions, contact Emily Mendell, +1-610-565-4692 or emendell@ilpa.org.