

## SIGNATORY ACCOUNTABILITY RULES

### Introduction

The PRI is an aspirational initiative. Organisations voluntarily sign and commit to the Principles for Responsible Investment. The PRI Initiative works with signatories to further the implementation of the Principles. It does this by providing guidance, facilitating collaboration, engaging with signatories and wider stakeholders.

The PRI Initiative's integrity is dependent both on the actions of the Initiative and collective commitment and good efforts of PRI signatories to the PRI Initiative, its objects and the implementation of the Principles. The Signatory Accountability Rules (The Rules) supports the integrity of the membership by setting out measures for minimum requirements .

The Signatory rules<sup>1</sup> state that the PRI Board (the Board) has authority to terminate signatory status:

- *On the signatory's failure to meet the accountability requirements as set out in the **Signatory Accountability rules**.*

The purpose of this policy is to provide signatories with the minimum requirement criteria and the formal process for engagement and at a last resort delisting.

### 1. Authority

- 1.1. The Board, by way of a majority vote of the Board, has the authority to delist a signatory if the Board believes the signatory has not made sufficient efforts to meet the minimum requirements for commitment to the six Principles.
- 1.2. The Board can delegate the investigation, recommendations and monitoring of any scenario within this policy to a PRI Board sub-committee and / or the PRI Executive (PRI). The final decision(s) to engage, monitor and / or delist resides with the Board.
- 1.3. The Board will have oversight of the engagement process.

### 2. Applicability

- 2.1. The Rules apply to asset owner and investment manager signatories that participate in the mandatory annual reporting progress.
- 2.2. The Rules do not apply to signatories that do not have to report and are in the grace period. However, signatories that do report in their grace period will be given advance warning if they do not meet the minimum requirements and be provided with initial guidance. .

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<sup>1</sup> [https://www.unpri.org/download\\_report/9566](https://www.unpri.org/download_report/9566)

### **3. PRI commitments**

- 3.1. Once a signatory has been identified as not meeting the minimum requirements the PRI commits, where possible, to:
  - 3.1.1. Engage with the signatory;
  - 3.1.2. Support the signatory to meet and exceed the minimum requirements;
  - 3.1.3. Set out a timetable for engagement and provision of support materials during the two-year monitoring period;
  - 3.1.4. Set out the terms by which the PRI will be satisfied minimum requirements are being met. These may vary according to organisation but will include the direct involvement of senior members of the organisation to confirm the measures in place and sign off the subsequent year's reporting, to signal/ reaffirm commitment to the six Principles.

### **4. Minimum requirements**

- 4.1. The minimum requirements are:
  - 4.1.1. A formalised policy that sets out an approach to responsible investment or ESG factors with coverage of more than 50% of AUM;
  - 4.1.2. Staff (internal or external) explicitly responsible for implementing the responsible investment or ESG policy; and
  - 4.1.3. Senior level oversight of the stated policy and accountability mechanisms for implementing responsible investment.

### **5. Notification**

- 5.1. Six weeks after the close of the reporting cycle signatories that fail to meet the minimum standards will be notified via email.
- 5.2. A signatory that does not meet the minimum requirement will be being placed on a confidential 'engagement list' and informed of the next steps.
- 5.3. The engagement period begins when the notification has been sent to the signatory. The engagement period lasts for two years.
- 5.4. The PRI will request confirmation of receipt and acknowledgement of the process..
- 5.5. The PRI will make reasonable efforts to engage with signatories, commencing with the notification to the main contact and reporting contact. Ongoing engagement will be with the reporting contact (or as notified) and escalated if necessary.

### **6. Engagement**

- 6.1 The PRI will aim to agree with the signatory a proposed engagement plan.
- 6.2 Signatories are expected to enter dialogue with the PRI towards resolution of their status. Where a signatory believes that minimum requirements are being met, they can offer evidence such as a written policy covering the responsible investment approach that can resolve their engagement list status.
- 6.3 The engagement plan will include an agreement on the engagement timetable over the two-year period and provision or direction towards appropriate resources to support signatory process.
- 6.4 Any meetings to discuss implementation and progress will have:
  - 6.4.1 an agenda,
  - 6.4.2 be clearly identified as relating to the minimum requirements,
  - 6.4.3 be minuted to document the agreed next steps and progress achieved; and

- 6.4.4 a PRI R&A team member present.
- 6.5 Signatories will be required to provide evidence that the minimum requirements have been met or there is a material barrier.
  - 6.5.1 Evidence of a material barrier will be reviewed by the Executive. (See Exceptions section below.)

## **7 Post engagement**

- 7.1 Following engagement the PRI will determine if the outcomes are satisfactory based on the signatory meeting the minimum requirements in the required timeline.
- 7.2 A final dialogue and confirmation in writing that the PRI is satisfied that the requirements have been met will remove the signatory from the engagement list.

## **8 Delisting**

- 8.1 Delisting a signatory for failing to meet the minimum requirements is a last resort measure after engagement.
- 8.2 In typical circumstances the Board will only delist a signatory if:
  - 8.2.1 No contact has been made with PRI during the 2 year engagement process;
  - 8.2.2 There are clear indications that engagement has failed;
  - 8.2.3 That progress has not been made; and / or
  - 8.2.4 There is no communication from the signatory that they are undertaking improvements.
- 8.3 Evidence of progress will typically be expected during both years of the engagement process.
- 8.4 A signatory can choose to voluntarily delist at any stage of the process and will not be individually identified as delisted based on not meeting the minimum requirements.

## **9 Disclosure**

- 9.1 The Board will disclose, via the PRI website, an annual progress update of the number of signatories engaged with and delisted.
- 9.2 All communication between the PRI and signatory during the engagement process is confidential.
- 9.3 Once a signatory has been confirmed by the Board as delisted for not meeting the minimum requirements it will be publicly disclosed on the PRI website that the signatory has been delisted for failure to meet minimum requirements. The PRI will not discuss individual signatory cases with external bodies or media. An exception will be in cases where the signatory asks PRI to confirm to the external body that an engagement process is in place or that a signatory has resolved a query in relation to minimum requirements.

## **10 Appeals**

- 10.1 Signatories can provide evidence to the PRI at any stage of the engagement process after it has been initiated.
- 10.2 If a signatory believes that the PRI has misunderstood or not accurately assessed their position, they can refer the case upwards in the form of a written statement to:
  - 10.2.1 The Executive.
  - 10.2.2 A Committee of the Board. Committees will confirm their reasoning in writing, via the Chair. Committee recommendations will be referred to the Board if the recommendation is to delist or change precedents. A summary of any appeals

will be discussed by the Board during the regular updates on the Accountability process.

10.2.3 Signatories will be able to present written input to the appeal.

10.2.4 The Board's decision is final.

## 11 Exceptions to the minimum requirements

11.1 All exceptions to the minimum requirements including material barriers raised by signatories will be investigated by the Executive.

11.2 Following investigation the exception will be approved/denied by the Board.

11.3 The PRI will be as transparent about this process as possible with the organisation involved.

## 12 Relisting

12.1 Signatories that have been delisted and wish to relist will be required to wait one calendar year and then provide evidence that they meet the minimum requirements in place at that time.

12.2 The grace year will not apply to relisting signatories. These signatories will be required to report in the next reporting cycle.

12.3 Signatories that revert back to not meeting the minimum requirements after (including after any relisting) will be required to address the requirements in a one year timeline. If the requirements have changed in the interim period, the usual two-year period will apply.

## 13 Timeline

The process from identification through engagement to delisting is on a two-year cycle. Each two-year cycle commences upon notification. An illustrative example below:



## 14 Review of minimum requirements

The PRI will update the Board regularly on the progress made and publish annual data on engagement statistics. This policy and the minimum requirements will be reviewed annually. Changes to the minimum requirements criteria will be subject to a formal consultation and require approval of the Board.