

MINIMUM REQUIREMENTS FOR PRI INVESTOR SIGNATORIES

Accompanying guidance document to the 2024 Reporting Framework

March 2024

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OVERVIEW

This document provides an overview of the four indicators that relate to the PRI's minimum requirements for investor signatories and how signatories can meet the minimum requirements. It should be read alongside the minimum requirements webpage.

The PRI's minimum requirements play a vital role for the PRI to achieve its mission of fostering a sustainable financial system by ensuring a baseline expectation of responsible investment for investor signatories.

Signatories that do not meet the minimum requirements enter a two-year, or two-reporting cycle, engagement period. Signatories that still do not meet them following this engagement period will have their signatory status reconsidered by the PRI Board, although they will have the opportunity to submit an appeal. More information on this can be found in the [Signatory Accountability Rules](#).

Currently, the PRI has three minimum requirements, which signatories report on across four core indicators in the Policy, Governance and Strategy (PGS) module of the Reporting Framework. These indicators are mandatory to report on and responses to them are assessed and publicly disclosed in signatories' public Transparency Reports. The indicator IDs related to the minimum requirements are highlighted in orange in the Reporting Tool.

All Reporting Framework modules are available to download in full on the [Investor Reporting Framework](#) webpage.

Frequently used terms in the Reporting Framework and how the PRI defines them can also be found in the [Reporting Framework glossary](#).

In this document, we refer to indicator dependencies, as some indicators in the Reporting Framework will only be available to signatories if they select certain answer options in other indicators. More information on this can be found in the [Reporting Framework overview and structure guide](#).

FLEXIBLE REPORTING IN 2024

The investment reporting landscape has changed significantly in recent years, as have our signatories' needs and challenges. To ensure that the PRI can maintain its signatory-centric approach while adapting to broader industry shifts, we also need to evolve our approach to reporting.

We are making reporting more flexible this year, while we determine its future direction in tandem with our work on developing the [Progression Pathways](#) for signatories to develop and progress their responsible investment practices in a more targeted way.

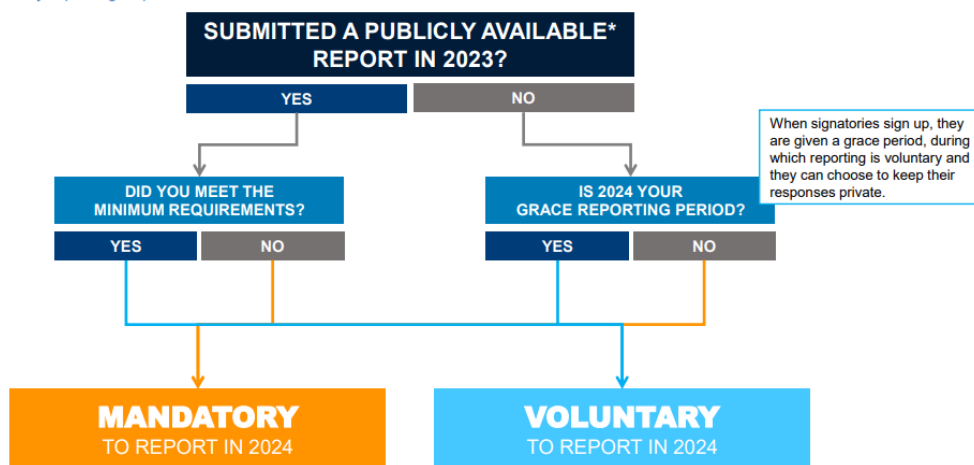
Reporting in 2024 will be **voluntary** for investor signatories that reported publicly and met the minimum requirements in 2023. Reporting also remains voluntary for signatories for whom 2024 is their grace period.

Reporting is **mandatory** for signatories that have passed their grace period and did not complete reporting in 2023 or only completed it privately, and those that reported on a mandatory basis but did not meet the minimum requirements.

Signatories reporting this year will need to complete all relevant modules to them and all core (mandatory) indicators. The minimum requirements continue to apply, and we will assess the information of all signatories that report in 2024 to identify those that do not meet the minimum requirements.

2024 reporting

Mandatory and voluntary reporting requirements



If a signatory reports, a full report is required to be submitted for mandatory and voluntary reporting scenarios.
* Publicly available refers to having a public Transparency Report in the Data Portal.
Reporting is mandatory for signatories that have passed their grace period and did not complete reporting in 2023, or only completed it privately, and those that reported on a mandatory basis but did not meet the minimum requirements.

MINIMUM REQUIREMENT 1: RESPONSIBLE INVESTMENT POLICY

Investor signatories must have a formalised approach to responsible investment and/or formalised guidelines on environmental, social and/or governance factors that cover more than 50% of assets under management (AUM).

This minimum requirement is captured through indicators PGS 1 and PGS 8.

PGS 1 – RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator ID PGS 1	Dependent on:	OO 8, OO 9	Sub-section	Responsible investment policy elements	PRI Principle	1, 2	Type of Indicator	CORE
MINIMUM REQUIREMENT	Gateway to:	Multiple indicators						
<p>Which elements are covered in your formal responsible investment policy(ies)?</p> <p><i>These elements may be set out in one or multiple standalone policy or guideline documents, or they may be part of a broader investment policy.</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> (A) Overall approach to responsible investment <input type="checkbox"/> (B) Guidelines on environmental factors <input type="checkbox"/> (C) Guidelines on social factors <input type="checkbox"/> (D) Guidelines on governance factors <input type="checkbox"/> (E) Guidelines on sustainability outcomes <input type="checkbox"/> (F) Guidelines tailored to the specific asset class(es) we hold <input type="checkbox"/> (G) Guidelines on exclusions <input type="checkbox"/> (H) Guidelines on managing conflicts of interest related to responsible investment <input type="checkbox"/> (I) Stewardship: Guidelines on engagement with investees <input type="checkbox"/> (J) Stewardship: Guidelines on overall political engagement <input type="checkbox"/> (K) Stewardship: Guidelines on engagement with other key stakeholders <input type="checkbox"/> (L) Stewardship: Guidelines on (proxy) voting <input type="checkbox"/> (M) Other responsible investment elements not listed here Specify: ____ [Mandatory free text: small] <input type="radio"/> (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements 								

MEETING THIS REQUIREMENT

To meet this requirement, signatories must set out at least one of the following elements in a responsible investment policy:

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors

Overall approach to responsible investment: this may include high-level components, such as an overall description of a signatory’s responsible investment beliefs or values, guidelines, approach and strategies.

Guidelines on environmental factors: this refers to explicit information on how signatories address environmental factors, including climate change.

Guidelines on social factors: this refers to explicit information on how signatories address social factors, including human rights. Guidelines on social factors can cover (a) how these factors influence investment decisions and (b) how investment activities influence social sustainability outcomes in line with international standards on human rights.

Guidelines on governance factors: this refers to explicit information on how signatories address governance factors.

GUIDANCE ON RESPONSIBLE INVESTMENT POLICY ELEMENTS

The PRI requires investor signatories to set out their approach to responsible investment in writing, detailing their overall approach to responsible investment and/or their guidelines on environmental, social and/or governance factors.

The format this takes will depend on what is appropriate for each organisation. Signatories may choose to describe their responsible investment approach within their main investment policy (this is considered good practice) or in a separate policy, within their codes of business practice or in high-level public statements. The document(s) should reflect the organisation's unique attributes, goals and purpose, depict the signatory's responsible investment aims and avoid generic language.

There is no one-size-fits-all approach to writing a responsible investment policy. However, it is considered good practice for it to fully outline how a signatory incorporates responsible investment considerations across its organisation and activities.

Most policies include some of the following components:

- **Commitment(s)/Purpose:** Why the policy has been developed and how the organisation defines responsible investment and its fiduciary duty.
- **Scope:** Whether the policy applies to all assets under management, or a proportion of them, and how this is determined (e.g., by geography, asset class).
- **Legal and regulatory factors:** The legal and regulatory requirements or fiduciary responsibilities guiding the organisation.
- **Investment guidelines and objectives:** The asset-specific guidelines and/or sustainability targets and standards that determine the investment strategy.
- **Implementation:** How the organisation plans to fulfil the policy's commitments and monitor progress.
- **Responsibilities:** The individual(s) accountable for achieving the policy's commitments.
- **Stewardship:** How the organisation conducts proxy voting, collaborative and policy engagement to encourage improved ESG risk management of investees.
- **Reporting:** How the organisation intends to report on progress.
- **Monitoring:** How controversies and sustainability outcomes performance are measured and tracked.
- **Review:** How and when the policy will be reviewed.

PGS 8 – AUM COVERAGE OF RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator ID PGS 8 MINIMUM REQUIREMENT	Dependent on:	PGS 1	Sub-section	Responsible investment policy coverage	PRI Principle	1	Type of Indicator	CORE
	Gateway to:	N/A						
What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies) ?								
Combined AUM coverage of all policy elements								
(A) Overall approach to responsible investment			[Dropdown list]					
(B) Guidelines on environmental factors			(1) 50% or less					
			(2) >50% to 60%					
(C) Guidelines on social factors			(3) >60% to 70%					
			(4) >70% to 80%					
(D) Guidelines on governance factors			(5) >80% to 90%					
			(6) >90% to <100%					
			(7) 100%					

MEETING THIS REQUIREMENT

PGS 8 is dependent on PGS 1 and will only be visible if any of the options (A-D) are selected in PGS 1. The selected option(s) will automatically appear into PGS 8

To meet this requirement, the responsible investment policy elements listed in this indicator must apply to more than 50% of an organisation’s AUM.

The AUM this requirement applies to is determined by indicator OO 4 in the Organisational Overview module. It should represent the total AUM of the signatory, excluding assets that only relate to advisory, execution, custody or research advisory services, and the AUM of subsidiaries that are PRI signatories in their own right.

Advisory services involve offering clients investment advice while leaving the decision (or approval of a recommendation) to the client.

Execution-only services involve offering clients a platform to make investments but do not involve advising the client.

Custody services typically include the settlement, safekeeping and reporting of clients’ securities and cash.

GUIDANCE ON AUM COVERAGE OF RESPONSIBLE INVESTMENT POLICY ELEMENTS

It is considered good practice for responsible investment policies to cover the highest possible percentage of signatories’ AUM.

In principle, some of the relevant policy elements may apply to all assets, even if their implementation may vary in practice. If this is the case for any of the policy elements listed in this indicator, signatories should report the relevant policy element coverage as 100% of AUM.

Signatories with policy elements that cover separate asset classes without any overlap should provide the combined percentage of the AUM represented by these asset classes. For instance, if a signatory's guidelines on environmental factors only cover listed equity assets and its guidelines on social factors only cover private equity assets, it should report the percentage of the total AUM that is covered by those policy elements combined.

Signatories with asset classes that are covered by multiple policy elements should not double count these, as this would misrepresent the percentage of their total AUM covered by these policy elements. For instance, if a signatory's environmental guidelines apply to its private equity assets and its social guidelines also apply to its private equity assets, when calculating the total AUM covered by these policy elements, the signatory should report the percentage of its AUM that private equity represents overall, rather than counting them twice.

MINIMUM REQUIREMENT 2: SENIOR-LEVEL OVERSIGHT AND ACCOUNTABILITY

Investor signatories must have formal senior-level oversight of and accountability for responsible investment.

This minimum requirement is captured through indicator PGS 11.

PGS 11 – SENIOR LEVEL OVERSIGHT OVER AND ACCOUNTABILITY FOR RESPONSIBLE INVESTMENT

Indicator ID PGS 11	Dependent on:	N/A	Sub-section	PRI Principle	Type of indicator
MINIMUM REQUIREMENT	Gateway to:	Multiple indicators	Roles and responsibilities	1	CORE
Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?					
<input type="checkbox"/> (A) Board members, trustees, or equivalent <input type="checkbox"/> (B) Senior executive-level staff, or equivalent Specify: _____ [Mandatory free text: small] <input type="checkbox"/> (C) Investment committee or equivalent Specify: _____ [Mandatory free text: small] <input type="checkbox"/> (D) Head of department or equivalent Specify department: _____ [Mandatory free text: small] <input type="radio"/> (E) None of the above bodies and roles have oversight over and accountability for responsible investment					

MEETING THIS REQUIREMENT

To meet this requirement, at least one of the following roles (or its equivalent) must have formal oversight of and accountability for responsible investment:

- (A) Board and/or trustees
- (B) Senior executive-level staff
- (C) Investment committee or equivalent
- (D) Head of department or equivalent

Board members and/or trustees may refer to members of the board of non-executive directors, board of trustees, or equivalent bodies, as well as members of board or similar committees.

Senior executive-level staff may include, for example, the signatory organisation’s Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO), other executive directors or to its partners in the case of private equity funds.

Investment committee or equivalent may refer to the decision-making body that oversees and advises management on an organisation’s investment assets.

Head of department or equivalent may refer to senior members of staff that manage entire divisions or teams within the signatory organisation.

GUIDANCE ON SENIOR LEVEL OVERSIGHT AND ACCOUNTABILITY

This indicator is focused on which senior role/body within an organisation is responsible and accountable for implementing its responsible investment policy and approach and achieving the objectives related to these.

Assigning oversight to a body or role should not be considered a way to compartmentalise ESG oversight. Instead, it should ensure that there is accountability for embedding ESG considerations within the organisation and its investment processes.

MINIMUM REQUIREMENT 3: RESPONSIBILITY FOR IMPLEMENTATION

Investor signatories must have at least one person whose role includes having responsibility for implementing responsible investment.

This minimum requirement is captured through indicator PGS 12.

PGS 12 – RESPONSIBILITY FOR IMPLEMENTING RESPONSIBLE INVESTMENT

Indicator ID PGS 12	Dependent on:	N/A	Sub-section Roles and responsibilities	PRI Principle 1	Type of indicator CORE
MINIMUM REQUIREMENT	Gateway to:	N/A			
<p>In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?</p> <p><input type="checkbox"/> (A) Internal role(s) Specify: _____ [Mandatory free text: small]</p> <p><input type="checkbox"/> (B) External investment managers, service providers, or other external partners or suppliers Specify: _____ [Mandatory free text: small]</p> <p><input type="radio"/> (C) We do not have any internal or external roles with responsibility for implementing responsible investment</p>					

MEETING THIS REQUIREMENT

To meet this minimum requirement, at least one of the following roles must have responsibility for implementing a signatory’s approach to responsible investment:

- (A) internal role(s)
- (B) external investment managers, service providers or other external partners or suppliers

Responsible investment implementation refers to, for example, conducting ESG-related research, incorporating ESG issues into investment strategies, voting (where applicable) and conducting stewardship with companies, policy makers or other key stakeholders.

GUIDANCE ON ROLES RESPONSIBLE FOR IMPLEMENTING RESPONSIBLE INVESTMENT

Someone internal and/or external to the signatory organisation must have responsibility for implementing its responsible investment approach. They do not have to dedicate their time exclusively to responsible investment activities. Signatories may implement their responsible investment approaches more successfully if they assign multiple roles to this responsibility.

FURTHER RESOURCES

For more information on the minimum requirements and related responsible investment topics, the following resources are available from the PRI:

- [Minimum requirements for investor membership](#)
- [2024 Investor Reporting Framework](#)
- [Developing and updating a responsible investment policy: a technical guide for asset owners and investment managers](#)
- [Introduction to responsible investment for asset owners](#)
- [Asset owner strategy guide: how to craft an investment strategy](#)
- [Inside PRI data: Investment manager practices](#)
- [Inside PRI data: asset owner action](#)
- [PRI signatory responsible investment policy database: key trends](#)
- [Signatory Responsible Investment Policy Database \(2020\)](#)

If you have any queries not answered by the available guidance, please contact reporting@unpri.org.