

# MINIMUM REQUIREMENTS FOR PRI INVESTOR SIGNATORIES

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## ACCOMPANYING GUIDANCE DOCUMENT TO THE 2023 REPORTING FRAMEWORK

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### PRI Association

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**United Nations**  
Global Compact

# OVERVIEW

Since 2018, investment manager and asset owner signatories must meet several [minimum requirements](#) when reporting annually to the PRI.

This guidance document provides information on the relevant indicators in the Policy, Governance and Strategy (PGS) module of the [2023 Reporting Framework](#) that are used to determine if signatories are meeting these requirements.

These indicators are all core indicators, meaning that they are mandatory to report on, and that responses will be assessed and publicly disclosed. The indicator IDs are highlighted in orange.

All Reporting Framework modules are available to download in full on the [Investor Reporting Framework](#) page of the [PRI website](#).

For further information on frequently used terms in the Reporting Framework and how the PRI defines them, see our [Reporting Framework glossary](#).

# 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 <b>PGS 1</b>	Dependent on:	<b>OO 8, OO 9</b>	Sub-section	<b>Responsible investment policy elements</b>	PRI Principle	<b>1, 2</b>	Type of Indicator	<b>CORE</b>
MINIMUM REQUIREMENT	Gateway to:	<b>Multiple indicators</b>						
<p><b>Which elements are covered in your formal <a href="#">responsible investment policy(ies)</a>?</b></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> <p> <input type="checkbox"/> (A) Overall approach to responsible investment  <input type="checkbox"/> (B) Guidelines on <a href="#">environmental factors</a>  <input type="checkbox"/> (C) Guidelines on <a href="#">social factors</a>  <input type="checkbox"/> (D) Guidelines on <a href="#">governance factors</a>  <input type="checkbox"/> (E) Guidelines on <a href="#">sustainability outcomes</a>  <input type="checkbox"/> (F) Guidelines tailored to the specific asset class(es) we hold  <input type="checkbox"/> (G) Guidelines on <a href="#">exclusions</a>  <input type="checkbox"/> (H) Guidelines on managing conflicts of interest related to responsible investment  <input type="checkbox"/> (I) <a href="#">Stewardship</a>: Guidelines on <a href="#">engagement</a> with investees  <input type="checkbox"/> (J) <a href="#">Stewardship</a>: Guidelines on <a href="#">overall political engagement</a>  <input type="checkbox"/> (K) <a href="#">Stewardship</a>: Guidelines on engagement with other key stakeholders  <input type="checkbox"/> (L) <a href="#">Stewardship</a>: Guidelines on <a href="#">(proxy) voting</a>  <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                 </p>								

### INDICATOR DEPENDENCY

This indicator is applicable to all reporting signatories, and answer options (A) to (D) represent those that are relevant to the minimum requirements. However, the answer options (I) to (L), which are not relevant to the minimum requirements, are dependent on responses to indicators OO 8 or OO 9 in the Organisational Overview module.

### 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, the guidelines they adhere to or the approach and strategies they use to implement responsible investment.

**Guidelines on environmental factors:** these may include explicit information on how signatories address environmental factors, including climate change.

**Guidelines on social factors:** these may include explicit information on how signatories address social factors, including human rights. They could cover how social factors influence investment decisions and how investment activities influence social sustainability outcomes in line with international standards on human rights.

**Guidelines on governance factors:** these may include 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 the following components:

- Purpose: Why the policy has been developed and how the organisation defines responsible investment
- 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
- Responsibilities: The individual(s) accountable for achieving the policy's commitments
- Implementation: How the organisation plans to fulfil the commitments and monitor progress
- Engagement: How the organisation will encourage investees to improve ESG risk management and develop more sustainable business practices.
- Reporting: How the organisation intends to report on progress
- Review: How and when the policy will be reviewed

## PGS 8 – AUM COVERAGE OF RESPONSIBLE INVESTMENT POLICY ELEMENTS

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

### INDICATOR DEPENDENCY

PGS 8 will only be applicable for reporting if any of the options (A) to (D) are selected in PGS 1. The selected option(s) will automatically appear in PGS 8.

### MEETING THIS REQUIREMENT

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 those that are subject to advisory, execution, custody or research advisory services only, 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 their guidelines on environmental factors only cover listed equity assets and their guidelines on social factors only cover private equity assets, signatories 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 their environmental guidelines apply to their private equity assets and their social guidelines also apply to their private equity assets, when calculating the total AUM covered by these policy elements, signatories should report the percentage of their 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 <b>PGS 11</b>	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) <a href="#">Investment committee</a> 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					

### INDICATOR DEPENDENCY

This indicator is not dependent upon a response to a previous indicator.

### 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
- (D) Head of department

**Board members and/or trustees** include members of the board of non-executive directors, board of trustees, or equivalent bodies, as well as members of board committees or equivalent.

**Senior executive-level staff** include the signatory organisation’s Chief Executive Officer, Chief Investment Officer or Chief Operating Officer or equivalent roles, such as other executive directors or partners.

**Investment committee** refers to the decision-making body that oversees and advises management on an organisation’s investment assets.

**Head of department** refers 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 <b>PGS 12</b> <small>MINIMUM REQUIREMENT</small>	Dependent on:	N/A	Sub-section	PRI Principle	Type of indicator
	Gateway to:	N/A	<b>Roles and responsibilities</b>	<b>1</b>	<b>CORE</b>
<p><b>In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?</b></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="checkbox"/> (C) We do not have any internal or external roles with responsibility for implementing responsible investment</p>					

### INDICATOR DEPENDENCY

This indicator is not dependent upon a response to a previous indicator.

### MEETING THIS REQUIREMENT

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

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

Implementing responsible investment refers to, for example, conducting ESG-related research and incorporating this into investment decision making; and using stewardship approaches, such as voting and engagement, to influence the ESG practices of holdings, 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 be dedicated exclusively to, or allocate the majority of their time 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](#)
- [2023 Investor Reporting Framework](#)
- [Signatory Responsible Investment Policy Database \(2020\)](#)
- [PRI signatory responsible investment policy database: key trends](#)
- [An introduction to responsible investment: policy, structure and process](#)
- [Introduction to responsible investment for asset owners](#)
- [Investment policy: process and practice](#)
- [Asset owner strategy guide: how to craft an investment strategy](#)
- [Inside PRI data: Investment manager practices](#)
- [Inside PRI data: asset owner action](#)

If you have any queries not answered by the available guidance, please contact [reporting@unpri.org](mailto:reporting@unpri.org).