

## PRI SIGNATORY RULES

**Approved by the PRI Board in November 2017.**

The Articles of Association of PRI Association (the **Articles**) require that the Directors must devise and publish on the Company's website certain rules and policies, including the Signatory Rules on signatory status, signatory consultation and communications between the Company and signatories.

The Directors may, from time to time, make such other rules as they may deem necessary or convenient for the proper conduct and management of the Company, including the Signatory Rules, provided that no rule will be inconsistent with anything contained in the Articles, but in the event of any inconsistency, the Articles will prevail.

### RELEVANT ARTICLES

#### Article 17: Signatories

##### Categories of Signatory

- 17.1 An **Asset Owner** is an organisation that manages or controls investment funds, either on its own account or on behalf of others, and which owns more than half of such investment funds.
- 17.2 An **Investment Manager** is an organisation that manages or controls investment funds, either on its own account or on behalf of others, and which does not own more than half of such investment funds.
- 17.3 A **Professional Service Partner** is an organisation that does not manage investment funds but provides services to Asset Owners and/or Investment Managers that assist in the fulfilment of the Principles.

##### Admission and terms of participation

- 17.4 An organisation may apply to be a Signatory in accordance with the rules set out for admission as a Signatory set out in the Signatory Rules. The Company must review all applications to become a Signatory and the admission of a Signatory is at the Company's sole discretion.
- 17.5 The terms of a Signatory's participation in the Company are governed by the Signatory Rules.

##### SGMs and Electronic Polls

- 17.6 The Company will convene an SGM in each calendar year.
- 17.7 SGMs will be conducted in accordance with the SGM Rules.
- 17.8 The Company will organise Electronic Polls in circumstances where these Articles require a matter to be determined by an Electronic Poll. Electronic Polls will be conducted in accordance with the Signatory Rules.

## **Article 18. Signatory Rights**

### **Rights to approve amendments to the Articles and the Principles**

- 18.1 These Articles and the Principles for Responsible Investment may only be amended:
- 18.1.1 in accordance with the Act; and
  - 18.1.2 with the approval of:
    - 18.1.2.1 a simple majority of the Signatories voting on the amendment in question, including:
    - 18.1.2.2 a simple majority of Asset Owner Signatories voting on the amendment in question,
- such approval to be given by way of vote at an SGM or by way of an Electronic Poll; and
- 18.1.3 in the case of a proposed amendment to the Principles, with the written approval of the UN Global Compact and UNEP Finance Initiative (or their respective successor agencies within the United Nations, if any).

### **Rights to elect the Directors/confirm the appointment of the Chair**

- 18.2 The Signatories have the right to elect the Directors and the right to confirm the appointment of the Chair in accordance with Articles 9 and 10.

### **Right to receive annual accounts**

- 18.3 The Company must lay before Signatories at each SGM the Company's latest annual accounts; any reports that the Company or its officers are required to make in respect of such accounts; and (unless the Company is at such time exempt from audit) the auditor's report on those accounts and reports. The Company will provide the Signatories with an opportunity to receive such reports and accounts by way of a vote carried by a simple majority of those voting in an Electronic Poll.

### **Right to confirm the appointment of the auditor**

- 18.4 Where the Company is required by the Act to appoint an auditor (not being the auditor appointed in respect of the Company as at the date of the adoption of these Articles or one deemed re-appointed under the Act), the Company must seek the prior approval of the Signatories by a vote carried by a simple majority of those voting in an Electronic Poll.

### **Right to approve minutes of an SGM**

- 18.5 The proceedings of each SGM will be minuted. The Signatories will have a right to approve such minutes by a vote carried by a simple majority of those voting in an Electronic Poll.

### **Right to Formal Consultation**

- 18.6 The Company will consult with the Signatories in the formal manner set out in Article 18.8 (a Formal Consultation) prior to the adoption of a Strategic Plan and report annually to Signatories on progress in implementing the Strategic Plan.
- 18.7 The Company will conduct a Formal Consultation with the Signatories prior to making any:
- 18.7.1 material changes to the governance structure of the Company including material changes to any of the rules or policies that the Company is required to publish under Article 19.1; and/or
  - 18.7.2 material changes to the Objects and/or the PRI's Mission; and/or

- 18.7.3 material changes to the Principles; and/or
- 18.7.4 material changes to the Company's fee structure for Signatories.
- 18.8 For the purposes of a Formal Consultation, the Directors will:
  - 18.8.1 publish a formal consultation document;
  - 18.8.2 allow a period of no fewer than four weeks for Signatories to respond; and
  - 18.8.3 specify various means of communication by which Signatories may make their responses.
- 18.9 At the first meeting of Directors held after the end of the Formal Consultation period allowed by the Directors, the Directors will discuss Signatories' responses to the Formal Consultation and, as soon as reasonably practicable after that meeting, publish a document setting out the Directors' proposals and decisions in the light of the Formal Consultation.

**Right to call for an extraordinary election of Directors**

- 18.10 Signatories may, in accordance with the following provisions, require the Company to arrange an election for all ten (10) elected seats on the Board (an Extraordinary Election):
  - 18.10.1 If Signatories representing at least three (3) per cent of all the Signatories serve written notice on the Company requiring the Company to hold an Extraordinary Election, then the Directors must as soon as reasonably practicable arrange an Electronic Poll. The sole resolution on the poll will be "The Signatories require an Extraordinary Election to be arranged as soon as reasonably practicable".
  - 18.10.2 If Signatories representing a simple majority of all Signatories voting in the Electronic Poll held in accordance with Article 18.10.1, including a simple majority of Asset Owner Signatories voting in the Electronic Poll, vote in favour of the resolution, then the Directors must arrange an Extraordinary Election as soon as reasonably practicable in accordance with the rules for such elections set out in the Election Rules.
  - 18.10.3 In the event of an Extraordinary Election, the Directors, including the Chair, will remain in post until the formal announcement to the Company by the Chair of the results of the Extraordinary Election, whereupon each Director (including the Chair) will automatically vacate his or her office unless he or she has been duly elected as Director in the Extraordinary Election. The election of a Director who was a serving Director immediately prior to such election will be disregarded for the purpose of calculating his or her maximum period of office under Article 10. The Directors elected in an Extraordinary Election must nominate a person to be Chair for confirmation by the Signatories in accordance with Article 10.

**Right to propose a non-binding resolution**

- 18.11 Signatories representing at least three (3) per cent of a category of Signatories may serve notice on the Company requiring the Company to put a resolution to the vote of Signatories on any matter except a matter otherwise expressly requiring Signatories' approval under the Articles (a Non-binding Resolution). As soon as reasonably practicable after receipt of such a request, the Directors must arrange an Electronic Poll of the Signatories on the proposed Non-binding Resolution.
- 18.12 A Non-binding Resolution will be passed if Signatories representing a simple majority of Signatories voting in an Electronic Poll vote in favour of the resolution. A Non-binding

Resolution will not be binding on the Company or its Directors except as specified in Article 18.13.

- 18.13 If a Non-binding Resolution is passed, then the Directors must as soon as reasonably practicable meet to decide how to respond. The Directors must report in writing to Signatories on their deliberations in response to the Non-binding Resolution, and, if and to the extent that they have decided not to comply with the requirements of the Non-binding Resolution, they must state their reasons for doing so in the report. The report must be made available to the Signatories at the same time as they are given notice of the next SGM, or, if the Directors so decide, at an earlier date.

#### **Article 19: Rules and Policies**

19. The Directors must devise and publish on the Company's website:

1.1. Rules regulating:

- 19.1.1.1 Signatory status, including: the admission of Signatories; the determination of the criteria for Signatory status; and the termination of a Signatory's status as Signatory.
- 19.1.1.2 Signatory consultation, including: the conduct of Electronic Polls; the conduct of any Formal Consultation and procedure for proposing a Non-binding Resolution; and
- 19.1.1.3 communications between the Company and the Signatories, (together the **Signatory Rules**)

## **SIGNATORY RULES**

### **SIGNATORY STATUS**

#### **Signatory categories**

1. There are three signatory categories as defined by the relevant Articles listed above. Examples of signatory types are as follows:
  - 1.1. **Asset Owner:** This category includes organisations that represent end-asset owners who hold long-term retirement savings, insurance and other assets. Examples include pension funds, government reserve funds, foundations, endowments, insurance and reinsurance companies.
  - 1.2. **Investment Manager:** This category includes investment management companies that serve an institutional and/or retail market and manage assets as a third-party provider. Investment managers that are not actively managing assets (in fund raising stage) can sign the PRI as provisional signatories. They are granted this status for 12 months, after which their status is reviewed and, if necessary, renewed at the discretion of the Executive. The fee for provisional signatories is based on the target size of their fund. Once they are actively managing assets they must inform the Executive and will be signed as active signatories.
  - 1.3. **Professional Service Partner:** This category includes organisations that offer products or services to asset owners and/or investment managers. Although such professional service partners are not stewards or managers of assets in their own right, they do have considerable influence over how their clients address ESG issues. For this group, becoming a signatory is an acknowledgement of the relevance of ESG issues to

investment management. It also represents a commitment to providing and promoting services that support the implementation of the Principles by clients, and to improving such services over time.

#### **Determination of signatory status**

2. Every application to become a signatory will be reviewed by the Executive. If the Executive is uncertain the decision will be escalated to the Board.
3. Rules on the categorisation of signatories will be based on precedent and the PRI will publish relevant examples on how the rules are applied in practice, within the spirit of the guidance.
4. All new signatories and delisted signatories are reported to the Board at every in person meeting.
5. The Board may task a Board committee to make recommendations to the Board on matters related to signatory categorisation.
6. It is the ultimate decision of the Board to determine signatory status and which signatory category an organisation belongs to, according to the Articles and Signatory Rules.
7. Any dispute as to categorisation of, or suitability for, signatory status will be determined by the Board.

#### **Signatory responsibilities**

8. Every signatory must confirm their organisation's approval of, and commitment to, the Principles.
9. Every asset owner signatory and investment manager signatory must publicly commit to the Principles by a signed letter from the organisation's CEO (or equivalent) stating the following (set out in the new signatory declaration):

*As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, [COMPANY NAME] commit to the following:*

- *To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes;*
- *To be an active owner and to incorporate ESG issues into our ownership policies and practices;*
- *To seek appropriate disclosure on ESG issues by the entities in which we invest;*
- *To promote acceptance and implementation of the Principles within the investment industry;*
- *To work with the PRI Executive and other signatories to enhance their effectiveness in implementing the Principles;*
- *To report on our activities and progress towards implementing the Principles.*

10. Every professional service partner signatory must publicly commit to the Principles by a signed letter from the organisation's CEO (or equivalent) stating the following (set out in the new signatory declaration):

*As professional service partners, we recognise that we have considerable influence over how our clients address ESG issues. [COMPANY NAME] acknowledges the relevance of ESG issues to*

*investment management, and commits to providing, promoting and improving services that support the implementation of the following Principles:*

- *To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes;*
  - *To be an active owner and to incorporate ESG issues into our ownership policies and practices;*
  - *To seek appropriate disclosure on ESG issues by the entities in which we invest;*
  - *To promote acceptance and implementation of the Principles within the investment industry;*
  - *To work with the PRI Executive and other signatories to enhance their effectiveness in implementing the Principles;*
  - *To report on our activities and progress towards implementing the Principles.*
11. Asset owners, investment managers and professional service partners commit to participating in the annual PRI Reporting and Assessment process, including any transparency and reporting requirements.
  12. All signatories commit to paying the signatory fee set by the Board.
  13. The Board may grant exceptions to the fees. The Board must establish and oversee a transparent process for communicating any signatory that has been granted a fee exemption or discount and the reason(s).
  14. Signatory organisations are permitted to use the “Signatory of PRI | Principles for Responsible Investment” logo in the context of their activities promoting the PRI and its goals.
  15. The use of the PRI logo is subject to the PRI Logo Policy, as approved by the Executive.
  16. Every signatory must assign and keep updated a primary contact for important communications between signatory organisations and the PRI.

#### **Termination of signatory status**

17. Signatory status will cease for the following reasons:
  - 17.1. On the signatory ceasing to be lawfully established or licensed;
  - 17.2. On the signatory failing to pay the fee prescribed;
  - 17.3. On the signatory ceasing business or on its insolvency;
  - 17.4. Upon the Executive receiving a written request from the signatory that it wishes to no longer be a signatory;
  - 17.5. Upon the signatory being acquired by another institution (unless the acquired organisation retains its separate independent legal entity, in which case it can continue being a signatory in its own right);
  - 17.6. Upon the signatory merging with another institution (in such case, the new institution would need to confirm its intention to be a signatory);
  - 17.7. On the signatory's refusal to participate in the annual PRI Reporting and Assessment process, including its reporting and transparency requirements, without a written explanation submitted to and approved by the Board, according to transparent criteria established by the Board;
  - 17.8. On the signatory's failure to meet the accountability requirements as set out in the **Signatory Accountability Rules**; and

- 17.9. Upon the signatory being notified that the Board has determined, by way of a majority vote of the Board that its signatory status shall cease because the Board believes the behaviour of the signatory puts the integrity of the Initiative at risk.
18. On cessation of signatory status, the organisation's name will be removed from the PRI website, and the organisation will no longer have the right to claim signatory status of the PRI or use the PRI logo or name in any way.

## **SIGNATORY CONSULTATION**

### **Electronic Polls**

19. The Articles set out a number of matters that are to be determined by an electronic poll, organised by the Company, including:
  - 19.1. Annual, Mid-Term and Extraordinary elections;
  - 19.2. Appointment of the Chair;
  - 19.3. Receiving the annual accounts;
  - 19.4. Appointment of the auditor;
  - 19.5. Approval of the SGM minutes;
  - 19.6. Proposal for an extraordinary election of Directors; and
  - 19.7. Non-binding Resolutions.
20. Matters to be determined by an electronic poll will be approved or not approved according to the respective rules in the Articles.
21. Signatories will be notified of forthcoming and ongoing electronic polls on the PRI website and primary and secondary contacts of signatory organisations will receive email notification in advance of the voting period.
22. The minimum voting period for an electronic poll will be three weeks.
23. Signatory organisations will have the opportunity to approve, not approve and abstain from electronic polls.
24. Primary PRI contacts will receive the invitation, via email, to vote in electronic polls on behalf of the primary contact's signatory organisation.
25. The Board may determine other matters to be determined by electronic poll.
26. It is the responsibility of the Board to communicate clearly to signatories:
  - 26.1. the purpose of the electronic poll;
  - 26.2. the relevant Articles and rules relating to the poll;
  - 26.3. the voting timeline; and
  - 26.4. after the poll has closed the outcome of the vote and other subsequent required actions.

### **Formal Consultation**

27. As part of a Formal Consultation, the Directors will:
  - 27.1. Publish a formal consultation document at the outset of the consultation;
  - 27.2. Allow a period of no fewer than four weeks of signatories to respond; and invite signatory organisations to send a written response.
  - 27.3. Communicate as widely as possible with signatories, directly and via the Executive, through multiple means of communication, which may include:
    - 27.3.1. One to one calls with the Executive;
    - 27.3.2. Webinars; and / or
    - 27.3.3. Signatory workshops.

27.4. At the first meeting of Directors held after the end of the Formal Consultation period allowed by the Directors, the Directors will discuss Signatories' responses to the Formal Consultation and, as soon as reasonably practicable after that meeting, publish a document setting out the Directors' proposals and explaining the decisions in the light of the Formal Consultation. The full responses by all responding organizations with the responding organization clearly linked to its response must be published in an appendix to the document.

**COMMUNICATIONS BETWEEN THE COMPANY AND SIGNATORIES**

28. PRI electronic communications to signatories and the use of personal information will be according to the Privacy Policy<sup>1</sup> set out on the PRI website.

29. The table below sets out signatory contact types and the respective signatory communications that each contact type will receive from the PRI:

CONTACT TYPE	Primary	Secondary	R&A	Invoicing	Frequency
Signatory newsletter	yes	yes	yes		monthly
Consultation papers	yes	yes	yes	yes	ad-hoc
Annual Work plan & Budget	yes	yes	yes	yes	annual
Chair communications	yes	yes	yes		ad-hoc
Annual Report & SGM papers	yes	yes	yes		annual
Invoices				yes	annual
Election and voting notices	yes				annual (with reminders to other contacts via signatory newsletter)
R&A operations (logins, reporting outputs)			yes		ad-hoc
Event alerts/invitations					ad-hoc (according to location)
Clearinghouse alerts					ad-hoc, opt-in
Implementation Support update					ad-hoc, opt-in (according to asset class preferences)
RI Quarterly					opt-in

30. It is the responsibility of signatories to ensure that their relevant contact details are to up to date.

31. It is the responsibility of the Board to communicate effectively with signatories on rules and policies required by the Articles and the work undertaken by the Board in general.

32. Annually the PRI will share with each signatory organisations' respective primary contact the contacts listed for their signatory organisation, for the purposes of keeping up to date communication contacts.

<sup>1</sup> [PRI Privacy Policy](#)



**Review**

1. At least once every two years the Board will review and revise as necessary the Signatory Rules.