

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 *Serious violations policy* is one means to safeguard the reputation, integrity and good efforts of the PRI and its signatories.

The Signatory rules¹ state that the Board has authority to terminate signatory status:

Signatory status will cease... 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.

This policy sets out for the PRI Board, Executive and Signatories a formal process and criteria to reference when there is an allegation of a serious violation to the integrity of the PRI Initiative and its objects, the Principles and the good efforts of its signatories. The aim is also to provide assurance to signatories that there is a process and predictable response to a serious violation.

1. Authority

- 1.1. The PRI Board, by way of a majority vote of the PRI Board, has the authority to delist a signatory if the Board believes the behaviour of the signatory puts the integrity of the Initiative at risk.
- 1.2. The PRI Board can delegate the investigation, recommendations and monitoring of any scenario within this policy to a PRI Board sub-committee or other suitable body.
- 1.3. The final decision(s) to engage, monitor and / or delist resides with the PRI Board.

2. Criteria

- 2.1. Serious violations of the integrity of the Initiative ('serious violation') typically include, but are not limited to, actions by a signatory or group of signatories that:
 - 2.1.1. put the integrity of the PRI Initiative and its objects, the Principles and the commitment and good efforts of its signatories to the PRI Initiative, its objects and the implementation of the Principles at risk;
 - 2.1.2. are serious (material and / or significant);
 - 2.1.3. are systematic (organised and / or an outcome of an organisation's culture); and
 - 2.1.4. are within the legitimate sphere of control of the signatory.

¹ https://www.unpri.org/download_report/9566

3. Legal responsibility

- 3.1. The PRI will not involve itself in any way in any claims of a legal nature that a party may have against a participating company or vice versa. Similarly, the measures set out within this policy are not intended to affect, pre-empt or substitute for other regulatory or legal procedures or proceedings in any jurisdiction.

4. Raising an allegation

- 4.1. The PRI Executive can raise an allegation of a serious violation for the consideration of the PRI Board.
- 4.2. Any organisation can raise an allegation of a serious violation to the PRI Executive.
- 4.3. The role of the PRI Executive is to use its judgement to filter out prima facie frivolous allegations. If a matter is found to be prima facie frivolous, the party raising the matter will be so informed and no further action will be taken on the matter by the PRI Executive. For courtesy reasons, the matter will nevertheless be shared with the signatory concerned.

5. Engagement

- 5.1. It is the Board's decision to engage with and / or monitor a signatory that has been accused, or admitted guilt or received a legal sanction for a serious violation.
- 5.2. A typical engagement will comprise of a formal letter from the PRI to the signatory:
 - 5.2.1. noting that the actions appear to be a serious violation;
 - 5.2.2. asking the signatory to respond to the allegations, and where relevant outline corrective measures, and to state their continued commitment to the Principles; and
 - 5.2.3. informing the signatory that the PRI will monitor the situation.

6. Non-communication

- 6.1. If the participating signatory refuses to engage with the PRI after an allegation of a serious violation within two months of first being contacted by the PRI Board the signatory will be delisted.

7. Disclosure

- 7.1. The PRI Board will disclose, via the PRI website, that it has decided to engage with, monitor or delist a signatory whose behaviour it considers puts the integrity of the Initiative at risk.
- 7.2. The PRI Board will disclose the formal engagement letter to the signatory and the formal response.

8. Delisting

- 8.1. Delisting a signatory for a serious violation is a last resort measure after engagement.
- 8.2. In typical circumstances the Board will not delist a signatory unless there has been an admission of guilt or legal sanction.
- 8.3. A signatory can choose to voluntarily delist after an alleged serious violation or admission of guilt or legal sanction.
- 8.4. Any organisation that is delisted for a serious violation cannot re-apply for signatory status until two calendar years have elapsed since the date of delisting.