

Development and Governance of PRI Reporting and Assessment

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Introduction

This document outlines the bodies involved and the process undertaken to develop the new PRI Reporting and Assessment (R&A) process up to the end of September 2013. It also outlines plans for the next phase of the Framework's development.

Development of the new R&A process

Governance and Advisory Groups

The strategy and direction of the PRI's Reporting and Assessment process is driven by the [PRI Advisory Council](#), the representative, democratically-elected governance body elected by PRI signatories. Since the PRI's launch, the Advisory Council has supported the key role that the reporting and assessment plays as the main accountability mechanism for the Initiative and its signatories. After running a reporting survey for 5 years, in May 2011, the Advisory Council agreed to develop a new, more robust Reporting Framework, supported by a new assessment methodology. The [PRI Association Board](#), responsible for the operational oversight of the Initiative, has guided the PRI Secretariat to ensure the development of the new Framework is in line with the Advisory Council's guidance.

In addition to these governance bodies, a number of other groups and committees have supported the development of the new Reporting and Assessment process:

- **Reporting and Assessment Advisory Committee (RAAC):** a four-member body nominated by the PRI Association Board and responsible for advising the Board on the redevelopment of the R&A process and supporting it to communicate with the PRI Advisory Council on R&A issues.
- **Reporting Technical Committee (RTC):** the temporary body of 15 members nominated by the PRI Secretariat to advise it on the development of the pilot version of the Reporting Framework. This body was wound down after the pilot was launched in May 2011.
- **Assessment Technical Committee (ATC):** the temporary body of 14 members nominated by the PRI Secretariat to advise it on the development of the assessment methodology and oversee adjustments to the Framework following the pilot. To ensure continuity, about 60% of ATC members were also RTC members. This body will be wound down in October 2013 following the launch of the Framework.

Members of all these committees are presented in the document: [Reporting and Assessment Committees 2011–2013](#).

These committees guided the development process, with support from several external consultants previously employed by signatory organisations. Region and asset class-specific advisory groups have been involved in reviewing draft modules and providing input into the process.

Ultimately, the redevelopment of the Reporting and Assessment process has seen the PRI undertake the most extensive consultation in its history. Signatories have been involved from the outset in its design and in the governance bodies and committees that have overseen its

development. Below we highlight the steps in the development of the Framework and of the new assessment methodology.

Development of the Reporting Framework

The process to develop the new Framework has taken nearly three years. After the PRI Advisory Council's decision in May 2011 to develop a new Framework, a first draft was completed with input from consultants, the RTC and regional and asset class advisory committees. A public consultation on this draft between September-October 2011 provided valuable input from over 250 stakeholders. A summary of the feedback and the way forward to be investigated by the PRI Secretariat can be found in: [Summary of Consultation Feedback](#) and [Way forward on the Reporting Framework](#) documents both released in December 2011.

A pilot version of the Framework was then developed and launched for signatory testing in June 2012. Forty per cent of eligible signatories participated and overall the new Framework was well received. More detailed information about the feedback received during the pilot and the enhancements that were made as a result can be found in: [PRI Reporting Framework May 2013 Update](#). Detailed information regarding changes to specific indicators is available upon request.

To capture the diverse perspectives of the PRI's global signatory base, in between these two consultations, and following the pilot, the PRI Secretariat has also carried out a number of module-specific calls and workshops with individual signatories and groups of signatories around the world. These interactions have resulted in thousands of inputs in the final version of the new Framework.

This input was processed by the PRI Secretariat, raising the most challenging issues first with the RTC and latterly the ATC in multiple meetings and calls. All this was incorporated into the [final version of the Framework](#), launched in October 2013.

Development of the pilot assessment methodology

The development of a new assessment methodology to be applied to the Framework commenced in early 2012. The PRI Secretariat received significant feedback on the new assessment approach during an open consultation with signatories between April-May 2012 and held further discussion with signatories during 2012. The feedback of these inputs have been summarised in the input received in the two main rounds of consultation described above on the Framework. In late 2012, a group of approximately 50 signatories voluntarily trialled the new methodology using their responses to the Framework's pilot. A high level overview of the new assessment methodology was released in May 2013.

Throughout this process, the ATC has supported the PRI Secretariat to identify the appropriate scoring methodology and considering what areas of best practice should be measured during the assessment process.

The Advisory Council decided during its meeting in March 2013 that the new assessment methodology should be piloted for two consecutive reporting periods (2013/14 and 2013/15) to develop a better understanding of good practice in responsible investment and provide the PRI

Secretariat sufficient time to reflect these in the assessment process. As a result, the [assessment methodology](#) released on 30 September 2013 remains a pilot and will be subject to further change over the next two reporting cycles.

MAY 2011

The PRI decides to develop a new, more robust Reporting Framework to allow signatories to report more precisely on their responsible investment activities and help asset owners, beneficiaries and the public at large identify the leaders implementing the Principles.

APRIL 2012

The PRI carries out a consultation on the Reporting Framework's outputs, including individual signatory Responsible Investment and Assessment reports.

NOV 2012-JAN 2013

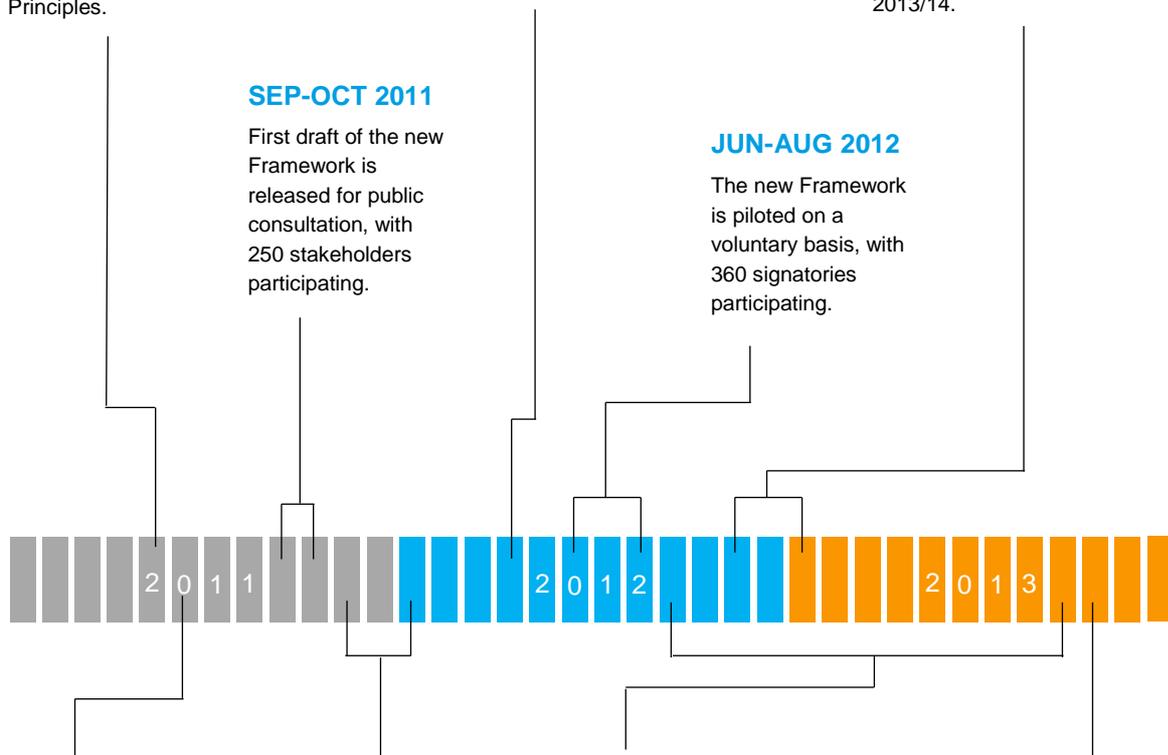
The new assessment methodology is trialed with a small group of 48 signatories on a voluntary basis ahead of more extensive testing in 2013/14.

SEP-OCT 2011

First draft of the new Framework is released for public consultation, with 250 stakeholders participating.

JUN-AUG 2012

The new Framework is piloted on a voluntary basis, with 360 signatories participating.



JUNE 2011

The RTC and region and asset class-specific advisory groups are created to oversee the new Framework's development.

SEP 2012-SEP 2013

The final draft of the Framework is agreed following extensive consultation with signatories in workshops around the world. A high level overview of the pilot assessment methodology is released, with input from the ATC.

NOV 2011-JAN 2012

First draft is revised, with input from region and asset class-specific advisory groups and the RTC.

OCT 2013

The new Framework will be officially launched and signatories will have six months to submit their responses. A new Reporting and Assessment Steering Committee (RASC) will be assembled to oversee further development.

Future developments

Approach

The PRI does not plan to make further extensive changes to the Framework for several years. A stable Framework will increase the comparability of the information it collects over time and minimise the length of time it takes for signatories to report. Over the next year, signatories will be able to put the necessary information and activity tracking systems in place to support their reporting for many years to come and their responses will be prefilled in future years, allowing signatories to focus on the areas where their activities have evolved.

However, the responsible investment industry is not standing still and new (best) practices are developing rapidly. To capture this, some areas of the Reporting and Assessment process will remain open for further development. These are explained briefly below, but they include changes to the explanatory notes and adjustments to be made to the pilot modules and to the assessment methodology. In addition, the PRI will investigate if and which new modules it may develop.

Members of the PRI Advisory Council will agree how future development will be governed at a meeting in late September 2013. Further details will be communicated to signatories in due course.

Pilot modules

Two of the 12 modules are being piloted during the 2013/14 and 2014/15 reporting period: Infrastructure and Fixed Income. The PRI will collect feedback and work with the relevant working groups to finalise these for the 2015/15 reporting period. Final versions of each module will be released in October 2015.

Explanatory notes

Explanatory notes included within each indicator clarify the purpose of each indicator and include more precise definitions and examples of current practice. These notes will be updated on a regular basis during the reporting period where any additional clarification is required.

If changes to the meaning of indicators or other more detailed changes are proposed, the asset class or module-specific working groups will be consulted.

New modules

The PRI will explore the possibility of adding additional modules covering other asset classes from 2015/16.

Assessment pilot

The assessment methodology and individual signatory assessment reports will be piloted with signatories over the next two reporting cycles (2013/14 and 2014/15) before being finalised in 2015/16. There will be multiple opportunities for signatories to provide feedback on the methodology and reports before they are finalised. This includes the ability for signatories to leave feedback directly through the online reporting tool as they are completing their responses and providing feedback on their individual assessment reports in late 2014. The PRI Secretariat will use this feedback to refine the methodology for the 2014/15 reporting period.

Results of the assessment will continue to remain confidential between the PRI and each signatory and signatories are asked NOT to share their pilot assessment reports in 2014.