

PRI Reporting and Assessment: Overview, Objectives, Process and Outputs

This document summarises the rationale for responsible investment reporting, outlines the objectives of the PRI's new Reporting Framework and how it was developed, and provides an overview of its four main outputs. It has been developed for signatories that did not participate in the 2012 pilot or are new to the PRI.

Table of Contents

Overview	2
Why report?	2
The PRI's new Reporting Framework and its objectives	3
How the new framework was developed	3
The reporting and assessment process	4
What's required from signatories?	4
PRI Reporting Framework: Module Map	4
Submitting your responses	5
Outputs you can use	6

Overview

Since 2006, the PRI has worked with signatories to encourage a culture of transparency and accountability around their responsible investment activities. Signatories agree to report on their progress towards implementing the Principles as part of Principle 6:

Principle 6: We will each report on our activities and progress towards implementing the Principles.

While signatories have always been required to report on their progress each year, the PRI's new Reporting Framework marks a significant step forward in this mission by introducing new levels of mandatory disclosure. The framework gives signatories the flexibility and freedom to share details about their activities with their clients and the public at a time that suits them, while ensuring a baseline of information is disclosed consistently across the PRI's global signatory base.

Signatories include over 900 investment organisations of varying types, sizes and complexities located in over 50 countries. One of the biggest challenges has been creating a framework that caters for this enormous diversity while still providing a tailored experience for each signatory.

The final framework has been built by investors, for investors, and follows the largest consultation process in the PRI's history. It embraces a variety of approaches to responsible investment and is about reporting those approaches to clients and the public.

Why report?

Responsible investment reporting...

- 1) Is one of the six Principles that organisations commit to when they become a signatory to the PRI.
- 2) Helps signatories measure and manage their responsible investment activities and processes, driving the industry forward.
- 3) Sheds light on how different investors are identifying and managing ESG issues, contributing to a more transparent, sustainable financial system.
- 4) Stimulates dialogue within and between asset owners, investment managers and companies, helping to better align interests throughout the investment chain.

The PRI's new Reporting Framework and its objectives

The PRI Advisory Council agreed in May 2011 to develop a new Reporting Framework for signatories with three key objectives in mind.

To be an accountability tool for the PRI and its signatories.

Signatories have a role and responsibility to invest in a way that demonstrates their implementation of the six Principles. The individual and aggregated reports that will be generated based on signatory responses have been designed to help signatories and the PRI demonstrate how they are meeting these commitments and embedding responsible investment within mainstream investment practice.



To provide a standardised transparency tool to help signatories in their own reporting.

Transparency is the bedrock of stable, well-functioning and efficient markets. With investors, policy makers and other stakeholders demanding greater transparency of investment activities, the new framework allows signatories to report their progress in a systematic and consistent manner and provides them with a number of outputs to share with stakeholders. While reporting has always been compulsory for asset owner and investment manager signatories, disclosing this information was voluntary under the PRI's previous reporting survey. New levels of mandatory disclosure in the framework increase transparency.

To enable the assessment of signatories' progress and capabilities on responsible investment, facilitating learning and development.

Signatories can gain a better understanding of where their organisation sits in relation to its peers and competitors at the local and global level, across asset classes and over time, via a confidential assessment report. Feedback will help signatories identify areas for improvement and stimulate dialogue between clients and managers on responsible investment activities and processes, based on a transparent and independent assessment methodology.

How the new framework was developed

The PRI set up a process in 2011 to develop the new framework, drawing heavily on its experience over the past five years running the previous reporting survey, as well as feedback from signatories during several consultations and input from several technical, asset class- and region-specific committees. This culminated in a pilot of the new framework in mid-2012.

The majority of signatories that participated in the pilot believe the new framework marks a significant improvement on the previous survey. For more details about the feedback the PRI received during the pilot and how the new framework seeks to address the limitations of the previous survey, please review the [Summary and Way Forward](#) (published in October 2012) and the update summarising the latest [changes](#) (released in May 2013).

The reporting and assessment process

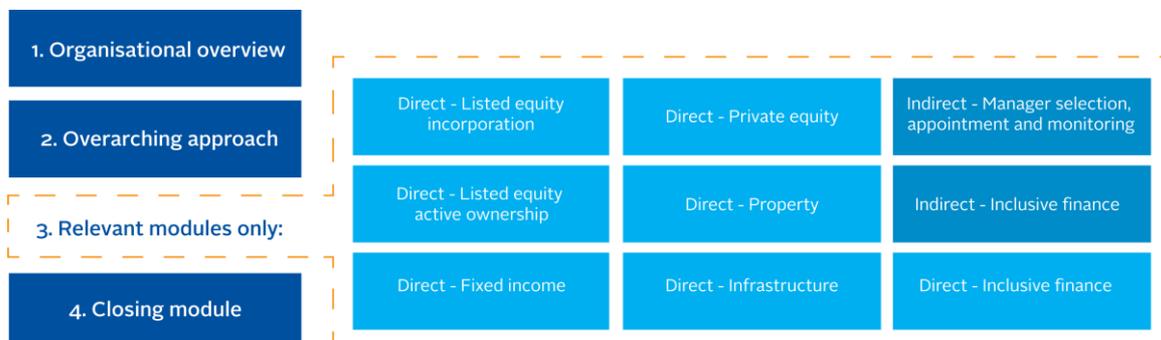
The PRI's annual reporting and assessment process begins in October each year when signatories are invited to enter their responses to relevant indicators in the framework via an Online Reporting Tool. The reporting period runs for six months each year, giving signatories the flexibility to report at a time best suited to their organisation.

What's required from signatories?

At its core, the framework seeks to answer one simple question: **How do you govern and implement responsible investment?** Reporting is and has always been compulsory for all asset owner and investment manager signatories (following a one-year grace period for new signatories; details on the [timing](#) and [grace period](#) are available on the PRI website). The new framework introduces elements of mandatory public disclosure for a subset of the information that signatories report.

The framework consists of 12 modules (referred to as 'supplements' in the 2012 pilot). There are modules for direct and indirect managed assets and these are tailored for each asset class. Both mandatory and voluntary indicators are included in each module. However, it will only be mandatory to complete a module if you have more than 10% of your assets under management in that asset class. It will still be possible to report voluntarily on modules where you hold less than 10% of your assets.

PRI Reporting Framework: Module Map



There are two types of mandatory indicators in the framework: those that are 'mandatory to report' and those that are 'mandatory to disclose'. Together they capture the essence of a signatory's implementation of the Principles with new levels of transparency and accountability. Not all indicators that are 'mandatory to report' will be 'mandatory to disclose' (some gather information about a signatory's activities only to enable comparison with peers or help direct signatories to relevant parts of the framework, but may be considered commercially sensitive to disclose) and there is no need to respond to the voluntary indicators if you don't want to.

More information about the content of the indicators within each module and guidance for signatories seeking to prepare for October can be found in this [Snapshot](#). A new Data Collection Tool to help you gather relevant information for the most data-intensive indicators will be available to download from the PRI website in June.

Submitting your responses

Signatories will submit their responses to each indicator via an innovative Online Reporting Tool. The first module (called *Organisational Overview*) will request information about your portfolio and asset allocation. Your responses will determine which of the other modules of the framework - and which indicators within those modules – you will be asked to complete in later stages. For example, if you report that you are a private equity manager, you will *only* be presented with indicators relevant to this asset class - the indicators on fixed income or property won't be presented to you.

Our analysis shows that a typical signatory will need to complete approximately **half** of the total number of indicators in the framework, with smaller funds even less. Moreover, if you've filled in the framework once and explained your policies and processes for implementing the Principles, you will only have to revise it in future years when these change as your responses will be 'pre-filled.'

Outputs you can use

Responsible investment reporting via the PRI each year delivers a number of useful outputs:

➤ **RI Transparency Report**

This report will display your responses to all of the indicators marked 'mandatory to disclose' in the framework, as well as your responses to 'voluntary to disclose' indicators that you agree to make public. These reports will enhance transparency and encourage dialogue with your clients and beneficiaries. They will be published on the PRI website after submission.

➤ **Assessment Report**

This report, which will remain confidential between each signatory and the PRI at all times, will demonstrate how your organisation has progressed in its implementation of the Principles, year-on-year and relative to peers across asset classes. An overview of the proposed assessment methodology can be found [here](#). The first assessment reports will be provided to signatories in late-2014. While the indicators in the framework are now final, the methodology and approach to assess them is still being developed and will be piloted over the next two reporting cycles (2013/14 and 2014/15).

➤ **PRI Report on Progress**

The PRI Report on Progress showcases the progress of the signatory base implementing the Principles as a whole, aggregating responses from signatories with practical case studies to illustrate their activities. The next Report on Progress will be published in late-2014. An example of the [Report on Progress](#) for the 2011 survey can be found on the PRI website.

➤ **Data query tool**

From 2014/15, the PRI will begin developing a new interactive data query tool to allow signatories to access reported data in a more flexible way.