

# A SNAPSHOT OF THE NEW PRI REPORTING FRAMEWORK

*Including an 'AT-A-GLANCE' guide to its mandatory indicators*

October 2013

This Snapshot provides a practical overview of the information that signatories will have to report as part of the PRI's new Reporting Framework. The PRI's annual reporting process is designed to be as simple as possible to complete, but we know that some signatories have limited resources and are worried about the time that reporting may take. We hope this guide will help to demystify the content of the framework. This list is not exhaustive; the full PRI Reporting Framework is available [here](#). More detailed documentation and information can be found on the [PRI website](#).

#### PRI Association

Registered office: Bath Place Business Centre, 2 Bath Place,  
Rivington Street EC2A 3DR London, UK Company no. 7207947  
T: +44 (0) 20 7749 1940 W: [www.unpri.org](http://www.unpri.org) E: [info@unpri.org](mailto:info@unpri.org)

## What information do we need to provide?

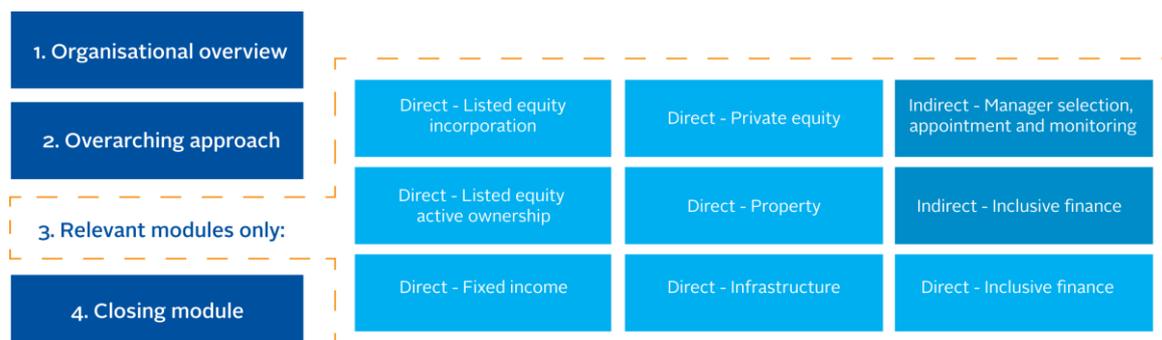
If your organisation is reporting for the first time, the framework and its 12 modules might seem daunting. Each module is different, with indicators tailored to the nuances of each asset class. However, each module shares a similar basic structure focused on pinpointing how you consider ESG issues at the start, middle and end of a typical investment process in that asset class, and how you monitor and communicate the outcomes of these activities. You can boil down the content into only eight key topics.

1. **Who are you?** The first module of the framework establishes a basic profile of your organisation, including where you are headquartered, the type of investor you are, how you diversify your portfolio and what your total assets are.
2. **How do you approach responsible investment?** Next, it asks you to explain your high-level management of responsible investment. For example, do you have a responsible investment policy, who's in charge of implementing it and what training and resources do you set aside?
3. **Do you take ESG factors into account if you work with external managers?** If you employ external managers or consultants to look after some or all of your assets, you'll need to complete the modules for 'Indirect' investments. All of the indicators in these modules ask for information about how you take ESG factors into account in your processes for recruiting and retaining your external managers.
4. **How do you incorporate ESG issues into your investment process?** In line with Principle 1 of the PRI, there are a family of indicators throughout the framework that aim to capture how you include ESG factors in your investment decision-making processes. These include general indicators on your approach to ESG incorporation within each asset class through to whether you measure the results of this activity in terms of either financial or ESG performance.
5. **How do you practice active ownership?** In line with Principle 2, a second major family of indicators enable you to report details of how you practice active ownership (or stewardship). These are mainly found in a stand-alone module on active ownership for listed equity, but also appear in other modules. These indicators are about reporting details such as how you engage with companies on ESG issues and what proportion of (proxy) votes you cast. These indicators are applicable to both active and passive managers.
6. **Do you encourage ESG disclosure from the entities in which you invest?** Principle 3 suggests investors should encourage the companies they invest in to disclose relevant ESG information, and there are several indicators throughout the framework to help you report on how you do this.
7. **How much of your responsible investment activity do you disclose?** By reporting using the PRI's framework, you will already have demonstrated your commitment to Principle 6. But on top of this, we also want to know which responsible investment activities you disclose to other stakeholders, especially clients/beneficiaries and the public.
8. **How much do you collaborate on and/or promote responsible investment?** In line with Principles 4 and 5, there are indicators throughout the framework that ask how you promote responsible investment externally and whether you collaborate with others.

# The Reporting Framework At-A-Glance

## PRI Reporting Framework: Module map and requirements

The framework consists of 12 modules. There are modules for direct and indirect implementation and these are tailored for each asset class. Both mandatory and voluntary indicators are included in each module. As a rule of thumb, it will only be mandatory to complete a module if you have 10% or more of your assets under management in that asset class. If you wish, you can also report on one or more voluntary modules.



## Mandatory and voluntary indicators

For PRI signatories, each module contains both mandatory and voluntary to report indicators. For the first time in 2013/14, the Reporting Framework requires mandatory public disclosure of some indicators, relating to core practices or activities. However, in addition, a certain amount of information is required to identify which indicators are relevant for a particular signatory, and some indicators also refer to advanced or uncommon practices. For this reason, there are three types of indicators in the Framework:

- *Mandatory indicators* [~44% of all indicators]: Mandatory to report, mandatory to disclose. These reflect core practices and capture the essence of your implementation of the Principles. Not all indicators that are mandatory to report are also mandatory to disclose (see below). Responses to mandatory to disclose indicators will be made public.
- *Voluntary indicators* [~46% of all indicators]: Voluntary to report, voluntary to disclose. These reflect alternative or advanced practices. Signatories can choose whether to complete these indicators and whether to make the responses public.
- *Mandatory to report, voluntary to disclose* [~10% of all indicators]: These indicators gather information about activities to enable comparison with peers or to act as “gateway” indicators to determine which modules and indicators are applicable to be completed later. They may request confidential or commercially sensitive information and are therefore voluntary to disclose.

## Supporting materials

The following pages summarise the content of the indicators that are 'mandatory to report' across the 12 modules of the framework. These indicators are also 'mandatory to disclose,' unless they have been identified as 'voluntary to disclose.' Please note that this is not the actual list of indicators. The full PRI Reporting Framework, including the indicator text, detailed answer options, definitions and explanatory notes, can be found [here](#). If you would like to see a second version of this Snapshot that includes the information requested by 'voluntary to report' indicators please send a request to [reporting@unpri.org](mailto:reporting@unpri.org).

# General Modules

## Module OO: Organisational Overview

*This module requests basic information about the reporting organisation and is mandatory to complete for all. It will allow stakeholders to understand the reporting organisation and will help to define peer groups. It also functions as a filter, with responses determining which indicators will be completed in later parts of the Framework.*

- Provide basic information about your organisation; such as headquarter country, number of staff, number of offices, assets under management and what type of investor you are.
- Indicate whether you have subsidiaries that are reporting to the PRI separately or if you would like to produce a consolidated report.
- Provide details of how you diversify your portfolio, such as which asset classes you invest in and if your assets are managed internally or externally.
- Provide a breakdown of your organisation's assets by developed or emerging and other markets. *[Voluntary to disclose]*
- Indicate what proportion of your external portfolio is invested in fund-of-funds and what proportion of your external portfolio is in segregated mandates or pooled funds. *[Voluntary to disclose]*
- Highlight which asset classes you apply responsible investment practices to, clarifying if your organisation implements them directly, via service providers or via external managers.

## Module OA: Overarching Approach

*This module enables stakeholders to understand the reporting organisation's overall approach to responsible investment and the incorporation of ESG issues into asset allocation. It is mandatory for all signatories to complete, except those that have also signed the Principles for Investors in Inclusive Finance (PIIF) and hold more than 50% of their AUM in Inclusive Finance.*

- Provide details of your responsible investment (RI) policy (if you have one). For example, is it publicly available, what does it include and does it cover potential conflicts of interest.
- Report on whether, and how frequently, your organisation sets RI goals or objectives and reviews performance against them. Also discuss who implements your RI activities and who has oversight.
- Discuss what external RI promotion activities your organisation undertakes. For example, is it a member of other collaborations (such as CDP) and do you encourage RI outside of these collaborations.

## Indirect Modules

### Module SAM: Manager Selection, Appointment and Monitoring

*This module addresses the processes for how you select, appoint and monitor your external managers for any asset class except for inclusive finance. This module is mandatory for all that invest externally 10% or more of their AUM in at least one asset class.*

- *If you use investment consultants in the selection, appointment and/or monitoring of managers, discuss whether you consider RI considerations in the recruitment and retention of these consultants.*
- *Detail which asset classes you (or consultants hired on your behalf) consider RI issues in when it comes to selecting, appointing and/or monitoring investment managers.*

#### Listed assets (i.e. listed equity, corporate and government fixed income)

- *Detail which investment strategies your external managers apply to your listed assets (e.g. passive, active, quant, etc.). [Voluntary to disclose]*
- *Which ESG incorporation and active ownership activities do you require you managers to implement for these assets. For example, do they use ESG integration, screening or thematic strategies; and do they engage or cast (proxy) votes on your behalf, or do you do so directly or via a specialist service providers.*
- *Discuss how you (or consultants hired on your behalf) include RI considerations in the selection of your listed asset external managers. For example, do you review policies, ESG reporting, if there is a weighting attached to RI ability in the evaluation process, and how well external managers incorporate ESG and are active owners.*
- *Detail how you (or consultants hired on your behalf) include RI considerations in the monitoring of external managers in these assets. For example, does RI feature as a standard item in performance review meetings, covering how well external managers incorporate ESG and are active owners.*
- *If your external listed equity managers have *voting discretion*, and if the information is tracked/collected, report on the proportion of possible votes they cast last year.*

#### Private equity, property and infrastructure

- *Describe how you (or consultants hired on your behalf) include RI considerations in your selection of external managers for these assets. For example, do you review policies, ESG reporting, if there is a weighting attached to RI ability in the evaluation process, and how well external managers incorporate ESG and are active owners.*
- *Describe how you (or consultants hired on your behalf) include RI considerations in the monitoring of your external managers in these assets. For example, does RI feature as a standard item in performance review meetings, covering how well external managers incorporate ESG and are active owners.*

#### General

- *Detail what percentage of your externally managed assets is managed by PRI signatories. [Voluntary to disclose]*
- *Describe what you proactively disclose to clients/beneficiaries and/or the public about the activities outlined in this module.*

## Direct Modules

The direct modules are designed for organisations that implement responsible investment directly or via service providers for at least some of their assets. If external managers are exclusively used to implement responsible investment, these modules are not applicable.

### Module LEI: Listed Equity Incorporation

*This module requests information about how reporting organisations incorporate ESG issues in their internally managed listed equity holdings. This module is mandatory for investors that invest 10% or more of their AUM directly in listed equity.*

- Detail which investment strategies you apply to these assets (e.g. passive, active quantitative, fundamental, etc.). **[Voluntary to disclose]**
- Break down how you incorporate ESG issues. For example, for what proportion of your assets you apply ESG integration, screening or thematic strategies or any combination of the above and why. *If you apply screening*, explain how you approach this (e.g. negative screens, best in class etc.); and how you ensure the robustness of your screen.
- *If you apply a sustainability theme*, provide details.
- *If you apply ESG integration*, discuss whether your ESG integration process systematically cover 'E', 'S' and 'G' issues, or if one is covered better than others.
- *If you apply passive strategy*, indicate whether (and how) you use ESG incorporation in passively-managed listed equities. **[Voluntary to disclose]**
- Describe what you disclose to clients/beneficiaries and/or the public about the activities outlined in this module.

### Module LEA: Listed Equity Active Ownership

*This module focuses on (proxy) voting and engagement activities in your listed equity holdings. This module is mandatory for investors that invest 10% or more of their AUM directly or indirectly in listed equity and vote or engage internally or via service providers. If these activities are executed by your external managers, you can include this in the module Manager Selection, Appointment and Monitoring (SAM).*

#### Engagements

- Describe why your organisation interacts with companies on ESG issues, specifying whether this is done internally, via collaborations and/or via service providers
- Indicate whether you have a process for identifying and prioritising engagements and whether you set specific objectives for your engagements.
- *If a service provider conducts engagements on your behalf* describe what role you play in the process. For example, whether you specify the issues or companies to engage with or whether you engage with your service providers. Also describe how you monitor your service providers' work.
- Describe whether you keep track of the number of engagements you are involved with.

- Detail how many companies you (or your service providers) have engaged with, how comprehensive these were, and whether you took a lead in any collaborative engagements. **[Voluntary to disclose]**
- Describe what you disclose to clients/beneficiaries and/or the public about the activities outlined in this section.

#### **(Proxy) voting and shareholder resolutions**

- Explain how you make your (proxy) voting decisions. Describe if you do your own research and/or if you hire third-party providers. Moreover, describe if decisions are based on your own voting policy, client requests, or the specialist providers' policy. If your service provider makes voting recommendations, detail what percentage of those you review and why.
- When abstaining or voting against management, disclose whether you inform the target company of your rationale, how frequently, and for what purpose.
- Detail what percentage of total potential votes last year that you (or your service providers) cast in regards to your listed equity holdings.
- Describe what you disclose to clients/beneficiaries and/or the public about the activities outlined in this section.

### **Module PE: Private Equity**

*This module is relevant to those who invest directly (including as a co-investor) in private equity portfolio companies either as a general partner (GP), PE fund manager or limited partner (LP) and is mandatory for all that invest 10% or more of their AUM in Private equity.*

- Detail which investment strategies you apply to private equity assets (e.g. venture capital, leveraged buyout etc.), and the percentage of investments in which you are a majority or minority stakeholder. **[Voluntary to disclose]**
- Indicate whether your organisation's investment guidelines refer to responsible investment.
- *If you are a GP or PE fund manager*, disclose whether your Private Placement Memorandums or similar documents refer to your RI policy and whether it covers both pre and post investment processes.

#### **Pre-investment**

- Describe whether ESG factors feature in how you select your private equity investments and which 'E', 'S' and 'G' issues are typically considered.

#### **Post-investment / Communication**

- Discuss what proportion of your portfolio companies are monitored for ESG performance, including ESG targets to meet, examples of what issues those targets cover and how many have adopted a sustainability policy (or similar).
- Describe what you disclose to the public and/or partner investors/beneficiaries about the activities outlined in this module.

## Module PR: Property

*This module seeks information from signatories that invest or co-invest directly in property via non-listed equity or debt. It is mandatory if you invest 10% or more of your AUM in Property.*

- Detail what percentages of your property investments are via equity or debt and to what extent you have majority or minority stakes. **[Voluntary to disclose]**
- Detail what proportion of day-to-day management of your property assets is undertaken by your organisation, and how much by other agencies. **[Voluntary to disclose]**
- Clarify whether you have a publicly available responsible property investment (RPI) policy.
- *If you are a property fund manager*, describe whether Private Placement Memorandums or similar documents refer to your RPI policy and whether it covers both pre and post investment processes.

### Pre-investment

- Describe whether ESG factors feature in how you select your property investments and which 'E', 'S' and 'G' issues are typically considered.

### Selection, appointment and monitoring third-party property managers

- *If you outsource some of your property management to third parties*, describe the extent to which you include ESG issues in your selection, appointment and monitoring of those third parties.

### Post-investment / Communication

- Indicate whether you or your property managers consider ESG issues in ongoing property monitoring and management processes, property developments or refurbishments, and in engagements with occupiers and surrounding communities.
- Describe what proportion of your properties has specific ESG targets to meet, and provide examples of the issues these targets cover.
- Describe what proportion of your active property developments and refurbishments consider ESG issues and indicate what considerations (e.g. green building certifications, sustainable construction materials, water and energy efficiency etc.) are typically implemented and monitored.
- Describe the extent to which you engaged with your tenants/occupiers on ESG issues. For example, did you distribute a sustainable guide to them or deliver training on water, energy and waste minimization.
- Describe what you disclose to clients/beneficiaries and/or the public about the activities outlined in this module, including whether you use specific reporting standards (such as GRESB).

# Principles for Investors in Inclusive Finance

*These modules accommodate reporting on the Principles for Investors in Inclusive Finance (PIIF). For this reason, indicators refer directly to the PIIF principles. The PIIF modules are mandatory for signatories to the PIIF, irrespective of the proportion of their total AUM invested in inclusive finance. They are voluntary for all other signatories.*

## Module IFD: Inclusive Finance Direct

*This module covers all direct Inclusive Finance investments, whether in the form of equity, debt or guarantees.*

- Provide details of your inclusive finance asset allocations. For example what proportion is equity or debt, and what proportion is in microfinance, SME finance etc. If you have microfinance assets, provide a geographic breakdown by region. **[Voluntary to disclose]**
- In line with PIIF Principle 1, discuss how you track the use of your microfinance investees' portfolio. For example, what proportion is in microenterprise loans, consumer loans or housing loans. Also describe whether you support the provision of financial services beyond credit, compulsory savings and/or compulsory insurance.
- In line with PIIF Principle 2, detail the actions you've taken to integrate client protection into your services, including whether you have publicly endorsed the 'Client Protection Principles' (CPP). Also, indicate whether CPP or other client protection measures are included in your investment policies.
- In line with PIIF Principle 3, detail your provision of local currency investments, including time horizons, limits of your exposure, any Return on Equity targets and any relevant exit policies.
- In line with PIIF Principle 3, describe any steps you have taken to ensure fair, clear and balanced contracts and fair dispute-resolution in your inclusive finance activity. For example, whether you pro-actively discuss the implications of a covenant breach with investees, pre-investment.
- In line with PIIF Principle 4, describe what tools or indicators you use to measure social, environmental and corporate governance performance and at which points in your investment process these are used.
- In line with PIIF Principle 4, discuss whether you require the retail institutions in which you invest to have an independent financial or social rating or to have undergone an independent social audit. Also disclose whether investees must comply with a set of minimum environmental standards or practices.
- Aside from the PRI and PIIF, list whether you provide your investors and/or the public with information aligned with any other industry standards (such as the MIV Disclosure Guidelines).
- In line with PIIF Principle 5, describe how you encourage the retail institutions in which you invest to ensure that the pricing and terms and conditions of the financial products and services offered are adequately explained to clients.
- In line with PIIF Principle 6, and if relevant, describe how the social performance of your investees affects your investment decision-making and/or portfolio management.
- In line with PIIF Principle 7, list which related industry collaborations you are a member of. For example, the Global Impact Investors Network (GIIN) or Smart Campaign.

## Module IFI: Inclusive Finance Indirect

*This module covers inclusive finance investments managed on your behalf by a third party.*

- List whether the external managers of your inclusive finance assets are signatories to the PIIF. *[Voluntary to disclose]*
- Describe whether you have a process in place during the selection of these external managers to understand how they implement each of the seven PIIF Principles.
- Describe whether parts of your contractual agreements or mandates with these managers are dedicated to encouraging them to implement each of the seven PIIF Principles.
- Discuss whether you monitor your managers' implementation of the PIIF Principles, and with what frequency.
- Discuss whether you disclose to clients/beneficiaries and/or the public how you apply responsible investment to your inclusive finance assets.

## General Modules

### Module CM: Closing module

*This is to finalise your responses and submit them. This module is mandatory for all signatories that complete the PRI Reporting Framework.*

- Download a PDF of your reported information for internal review and submit your responses after making any modifications required. You will also be able to review your public report here before it is published.

## Pilot Modules

*The indicators in the Fixed Income and Infrastructure modules are still under consultation and both modules are therefore **voluntary to complete for all signatories this year (2013/14)**. However, if you decide to voluntarily complete these modules, you will have to complete all 'mandatory to report' indicators and the indicators that are 'mandatory to disclose', will be included in your public RI Transparency Report.*

### Module FI: Fixed Income

*This module focuses on how you implement responsible investment in your internally-managed (government and corporate) fixed income investments.*

- Detail which investment strategies you apply to corporate and government fixed income assets. For example passive, active, quant etc. *[Voluntary to disclose]*
- Break down your fixed income investments by credit quality and category (e.g. what proportion are investment grade, and what proportion are primary market). *[Voluntary to disclose]*

- Breakdown how you incorporate ESG issues in your corporate fixed income assets. For example, for what proportion of your assets you apply ESG integration, screening or thematic strategies or any combination of the above and why.
- If you apply screening on your corporate fixed income assets, explain how you approach this (e.g. negative screens, best in class etc.) and also how you ensure the robustness of your screen.
- *If you apply a sustainability theme on your corporate fixed income assets, provide details.*
- *If you apply ESG integration on your corporate fixed income assets, provide details, such as whether your ESG integration process systematically covers all 'E', 'S' and 'G' issues or covers one better than others.*
- Discuss what percentage of your government fixed income investments incorporate ESG issues and how you approach this.
- *If you apply passive strategy, detail the extent to which you invest in ESG-related passive indices, and what ESG incorporation strategy applies to these (e.g. screening, thematic, weighted ESG analysis etc).* **[Voluntary to disclose]**
- Describe what you disclose to clients/beneficiaries and/or the public about the activities outlined in this module.

## Module INF: Infrastructure

*This module focuses on your direct investments or co-investments in infrastructure.*

- Detail what percentage of your infrastructure investments is held via equity or debt and to what extent you have majority or minority stakes. **[Voluntary to disclose]**
- Detail what proportion of day-to-day management of your infrastructure assets is undertaken by your organisation, and how much by third parties. **[Voluntary to disclose]**
- Clarify whether you have a responsible infrastructure investment policy.
- If you are a infrastructure fund manager, disclose whether your Private Placement Memorandums or similar documents refer to your ESG approach.

### Pre-investment

- Describe whether ESG factors feature in how you select your infrastructure investments and which 'E', 'S' and 'G' issues are typically considered.

### Selection, appointment and monitoring of third-party managers

- If you outsource some of your infrastructure management to third parties, describe the extent to which you include ESG issues in your selection, appointment and monitoring of those third parties.

### Post-investment / Communication

- Describe whether (and if possible how) you consider ESG issues in areas such as monitoring and operation of infrastructure investees, active maintenance projects, and stakeholder engagement in relation to these assets.
- Describe what proportion of your infrastructure investees is monitored for ESG performance, have specific ESG targets to meet, and provide examples of the issues these targets cover.
- Discuss what proportion of your existing infrastructure investees have adopted a sustainability policy (or similar) and whether your organisation has contributed to their

overall management of ESG issues.

- Discuss what proportion of active maintenance projects considers ESG issues. For example, by using sustainable construction materials or introducing waste management plans.
- Describe what you disclose to clients/beneficiaries and/or the public about the activities outlined in this module.