

## PRI Reporting Framework: FAQ

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On this page you will find answers to common questions signatories have about the new PRI Reporting Framework that will be launched in October 2013.

Please direct any additional questions to [reporting@unpri.org](mailto:reporting@unpri.org).

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# Reporting

## Reporting basics

### Q: Do I have to report?

Completing the Reporting Framework is one of the mandatory requirements for all asset owner and investment manager signatories (following a one-year [grace period](#) for new signatories). Reporting falls under [Principle 6](#) and is one of the explicit commitments signatories commit to when signing:

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

### Q: Will everything I report be made public?

No. The framework is made up of both mandatory and voluntary indicators, and the status and purpose of each indicator will be clearly marked within each module. Signatories will only have to complete the modules and indicators that are relevant to their organisation and asset allocation mix, and they will only have to complete indicators that are 'mandatory to report' within each module. Not all indicators that are 'mandatory to report' will be 'mandatory to disclose'. Therefore, only a subset of responses will be published in the individual RI Transparency Report for each signatory on the PRI website.

Indicators that are 'mandatory to disclose' represent a baseline of disclosure required from signatories about their responsible investment activities. The information requested in these indicators has been judged to be not commercially sensitive nor require excessive effort to collect.

Signatories may also choose to include their responses to voluntary indicators in their RI Transparency Report if they wish. Indicators that are voluntary are included in the framework for different reasons: they can be alternative or advanced practices that signatories would like to report; they may be included for assessment or 'peering' purposes, but considered sensitive to disclose; or they may be used to determine the appropriate indicators for each signatory. Every indicator's purpose, definitions and explanatory notes to help signatories complete them, will be clearly explained within the framework and Online Reporting Tool.

### Q: Where can I find the revised Reporting Framework modules?

The full framework and its 12 modules will be released in October 2013. In order to start preparing, you can read the [Snapshot](#), and use the Data Collection Tool that will be available for download from the PRI website in June to begin collecting information for data-intensive indicators.

In October 2013, signatories will receive an individual login code for the online reporting tool. After

completing the first module, *Organisational Overview*, you can see which other modules you will be required to complete.

**Q: Do I need to report for all assets under management?**

Your responses should include all your assets under management (AUM). This includes the AUM of all your asset management subsidiaries if you own more than 50% of them, except if your subsidiaries already report to the PRI separately and your organisation prefers not to consolidate these responses.

You will only be required to complete a specific asset class module if your assets in that specific class account for 10% or more of your total AUM. Signatories may voluntarily report on asset classes that account for less than 10% of their total AUM. If you choose to do so, you will have to complete all of the indicators labelled 'mandatory to report' and your RI Transparency Report will include your responses to those indicators labelled 'mandatory to disclose' as well as those that are 'voluntary to disclose' that you agree to publish.

**Q: How long will it take to complete the framework?**

This depends on a number of factors, including your business structure and size, asset mix and the number of voluntary indicators you wish to complete. You are required to complete all indicators that are 'mandatory to report', which account for approximately half of the framework, though you may report on a range of voluntary indicators to make your reporting more comprehensive. The Online Reporting Tool will ask you whether you would like to be presented with only mandatory indicators at the outset of the reporting process.

The diversity of your asset mix will determine the number of modules you will be required to complete. For asset classes where you hold more than 10% of your assets, you will be required to complete an additional module tailored to that asset class. The majority of signatories will have to complete between one and three additional modules (asset class, indirect or inclusive finance) in addition to the three core modules (*Organisational Overview*, *Overarching Approach* and *Closing*), totalling between four and six modules. On average, small funds will complete less modules.

The information flow and data tracking systems you have in place will also influence the time it takes to report. If this is the first time you are collecting this data, the first reporting cycle will take more time. However, it is important to note that after you have completed the framework once, in future years completing it will be less time-consuming as information from one reporting cycle can be prefilled in the next.

Signatories that participated in the pilot indicated that it took one full-time member of staff in a large investment organisation (i.e. those with AUM of more than \$US 1 billion) approximately 5.5 days, on average, to collect, aggregate and submit information. Smaller organisations took approximately 2 days, on average, to complete it. (These figures have been adjusted to reflect the reduction in the total number of indicators since the pilot)

**Q: The Fixed Income and Infrastructure modules are being piloted this year. Do I need to complete them?**

The Fixed Income and Infrastructure modules will be voluntary for all signatories to complete during the 2013/14 reporting period. However, the PRI encourages all signatories that have significant holdings in either of these asset classes, or can demonstrate advanced responsible investment activities, to complete them as the information they report will contribute to the development of the final set of indicators in each module when they are finalised for the 2014/15 reporting period.

If you decide to complete these voluntary modules, you will have to complete all “mandatory to report” indicators as well as those indicators that are “mandatory to disclose.”

### **What has changed in the updated version of the Snapshot?**

IT implementation has triggered a few small changes to several indicators and these are captured in the updated version of the Snapshot released on 30 June 2013. Most importantly, four indicators that were previously voluntary are now mandatory to report:

- LEI: If you apply passive strategy, indicate whether (and how) you use ESG incorporation in passively-managed listed equities. [Mandatory to report, voluntary to disclose]
- FI: Break down your fixed income investments by credit quality and category (e.g. what proportion are investment grade, and what proportion are primary market). [Mandatory to report, voluntary to disclose]
- FI: 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.). [Mandatory to report, voluntary to disclose]
- INF: 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. [Mandatory to report and disclose]

One indicator has been adjusted and made Voluntary:

- LEI: If you apply ESG integration, indicate your processes to ensure ESG integration is based on a robust analysis and how the ESG information is used by portfolio managers. [Voluntary to report and disclose]

Additionally a few smaller text changes have been made.

For those that requested the Full Snapshot, including voluntary indicators, there has been one Voluntary indicator added:

- FI: If you apply ESG integration, indicate your processes to ensure ESG integration is based on a robust analysis and how the ESG information is used by portfolio managers. [Voluntary to report and disclose]

## Reporting Timing

### **Q: Can I report for more than one reporting period to cover for the 2012 gap?**

Yes. If you would like to avoid missing a year in your reporting, you may report twice during the next reporting period. For example, you could complete your 2012 reporting in October as soon as the Online Reporting Tool opens, and report your 2013 activity in mid-2014. Please email [reporting@unpri.org](mailto:reporting@unpri.org) if you would like to do this.

### **Q: When can I report and which period should I report on?**

The full framework and its list of indicators will be released in October 2013 and the reporting period will be open for six months, until March 2014. Signatories can report at any time during this period and choose which 12-month period they would like to report on. Details of timing and examples can be found on the [reporting process](#) page.

### **Q. How will the October 2013 launch impact the one-year grace period policy for reporting by new signatories?**

The PRI has always offered a one-year grace period to new signatories to allow them to familiarise themselves with the reporting and assessment process on a voluntary basis in their first year, before having to submit responses on a mandatory basis in subsequent years. This policy continues for the new framework.

Signatories that signed before 24 May 2012 were invited to participate in the 2012 pilot. As such, it will be mandatory for these signatories to report in the 2013/2014 reporting cycle. Signatories that signed after 24 May 2012 will have the option to participate in the 2013/2014 reporting cycle on a voluntary basis, with reporting in the 2014/2015 reporting cycle being mandatory.

We recommend all new signatories participate in the reporting process in their first year and use it as a learning experience. Many new signatories find that the process provides both the foundation for future responses and useful feedback and guidance that can help in implementing the Principles. If you report during your grace period you will be able to choose whether your RI Transparency Report is published on the PRI website.

## Reporting Outputs

**What are the key outputs of the new framework and how do they support the objectives?**

The four outputs for signatories are aligned with these objectives and are designed to reinforce accountability and transparency and place meaningful information about responsible investment activities in the hands of clients, beneficiaries and other stakeholders that are increasingly requesting it.

They include the PRI's **Report on Progress**, individual signatory **RI Transparency Reports**, confidential signatory **Assessment Reports** and a new **Data Query Tool** (to be developed in 2014). With new asset class modules and indicators for direct and indirect implementation, the framework has been explicitly structured to capture the progress of signatories on RI on a more granular and systematic basis than ever before. This will enhance the credibility of signatories' activities and the PRI as a whole. For more information see [here](#).

**Q: What will be included in the RI Transparency Report?**

After you complete the reporting process, you will receive an RI Transparency Report that contains your responses to all indicators that are mandatory to disclose, plus your responses to any voluntary indicator that you have chosen to disclose. These reports will also be published on the PRI website shortly after signatories submit their responses.

**Q: How do the RI Transparency Reports differ from the RI Reports that were piloted in December 2012?**

The PRI piloted RI Reports with signatories between December 2012 and January 2013 and consulted with signatories on their structure, design, content and usability. Signatories raised concerns that the redesign of their content resulted in some reported information being taken out of context. To address this, new RI Transparency Reports will present reported information as it has been inputted in the Online Reporting Tool, without paraphrasing or graphics, and responses to indicators will display all possible answer options.

**Q: Will I be able to make changes to my RI Transparency Report?**

At any stage of entering your responses in the Online Reporting Tool, you will be able to review your RI Transparency Report. Before submission, you will have an opportunity to download and review the report, and distribute it to colleagues for any final checks or approvals. You can return to the tool and adjust your responses where necessary. Once your responses have been submitted as final, you are unable to make any further changes.

## **Q: What is the difference between the RI Transparency Report and the Assessment Report and when will each be made available?**

The RI Transparency Report contains your reported information exactly as you entered it. This report only includes your responses to indicators that are mandatory to disclose or additional voluntary indicators that you have selected to disclose. It will be available for you to download at any time during and after completing your reporting. Once your final responses to the Framework have been submitted, your RI Transparency Report will be published on the signatory page of the PRI website.

The Assessment Report presents an assessment of your implementation of the Principles, including a peer comparison. It has been developed as a learning tool for signatories, using an assessment methodology to score your responses. Assessment reports will not be made public by PRI. An Assessment Report will be generated once responses have been submitted by all signatories. This report will provide each signatory a score and peer comparison based on an assessment methodology which is currently under development.

## **Online Reporting Tool**

### **What is the Online Reporting Tool?**

The Online Reporting Tool enables you to submit your responses to the mandatory and voluntary indicators and makes use of advanced logic and 'gateway' indicators to determine which indicators are relevant for your organisation to report. Gateway indicators will be clearly labelled as such within the indicator.

### **Q: Can several people in the organisation log in to the tool at the same time?**

Yes, multiple people can log into the tool and work on different parts of the framework at the same time. However, it is important to know how the Online Reporting Tool works in order to understand any issues which arise from having multiple people accessing it at the same time.

We recommend that before multiple people log in to the system, you first complete the *Organisational Overview* module (which determines which subsequent modules are relevant for your organisation to complete) and complete all 'gateway' indicators in the subsequent modules (determining which indicators within each module are relevant for your organisation). This will ensure that the online tool presents all the indicators you need to complete.

Once the *Organisational Overview* module and all gateway indicators within each module have been completed, you can distribute the indicators to colleagues in two ways; either by giving them access to the online tool itself, or by downloading the Data Collection Tool from the online tool (which will provide the relevant indicators in a Word file to allow responses to be collected offline).

### **Q: Can I access the online tool from every browser?**

Most browsers are supported, including Firefox, Chrome, and Internet Explorer version 7-10. Full functionality for old versions (i.e. Internet Explorer 6 or lower) cannot be guaranteed.

### **Q: What do I need in order to log in to the online tool?**

In October 2013, signatories will receive an invitation to register for access to the Online Reporting Tool, which will allow you to create a unique login code and password.

## **The development of the new Reporting Framework**

### **Q: How has the reporting framework been developed?**

The PRI Advisory Council agreed in May 2011 to develop a new Reporting Framework for signatories. The PRI set up a process in 2011, led by the [Reporting Technical Committee](#) and with input from asset class and region-specific committees, to develop a new Reporting Framework. This framework was piloted in the summer of 2012 with over 360 signatories (around 40% of those invited) participating.

The new framework was well received by most signatories, with 90% of respondents stating it captures their responsible investment practices to a large or moderate extent and 70% finding it to be an improvement from previous years. However there were also concerns. The summary of the feedback and suggested way forward was shared with signatories in October 2012 in: [Summary and Way forward](#). In May 2013, [additional information](#) was released to outline changes made to the framework since October.

A separate process has been underway to develop and refine the new assessment methodology to support the framework, led by the [Assessment Technical Committee](#), which has also overseen the latest enhancements to the framework that were made as a result of the pilot.

The PRI Advisory Council and PRI Association Board have also been actively involved in overseeing its development and discussions on the new framework have taken place at every Board and Council meeting since May 2011.

### **Q. How have signatories been involved?**

The redevelopment of the reporting and assessment process has seen the PRI undertake the most extensive consultation in its history and signatories have been actively involved from the outset in its design, in the governance bodies and committees that have overseen its development, and to road test it as part of the 2012 pilot. It was signatories that highlighted the need for a more robust and meaningful reporting framework in the first place.

### **Q: Can I still provide feedback on the framework?**

The indicators that make up the framework have now been finalised and will largely remain stable

for several years, to allow for year-on-year comparison and to minimise the reporting effort for signatories.

The assessment methodology and reports are being piloted for the next two reporting cycles (2013/14 and 2014/15) and there will be multiple opportunities for signatories to provide feedback over this period.

**Q. What are the main objectives of the new Reporting Framework and how have these been embedded in its design?**

There are three key objectives which together seek to increase the **accountability of the PRI Initiative** as a whole, provide a **standardised transparency tool for signatories** to demonstrate their implementation of the Principles, and enable the assessment of their progress and capabilities, facilitating **learning and development**.



These have been embedded in the design of the new framework in several ways, including new mandatory public disclosure of signatory responses, the shift from self-assessment to self-reporting of those responses, and a combination of mandatory, voluntary, closed and open-ended indicators that allows signatories at different stages of implementation and utilising different approaches to evidence their progress.

**Q. What was the response to the 2012 pilot and how has the PRI incorporated this feedback into the development of the final framework?**

Given participation was voluntary in the 2012 pilot, the response rate was strong – more than 40% of eligible signatories either completed the pilot or provided feedback. Feedback indicates the new framework was well received by most signatories, with 90% of respondents stating it captures their responsible investment practices to a large or moderate extent and 70% finding it to be an improvement from previous years. However, 20% of respondents felt the new framework was not as good as in previous years, and 70% found it took more time to complete.

Key areas of concern were based on:

- The effort required to gather and report data for each indicator
- The prescriptiveness of the proposed approach

- The timing and duration of the reporting period
- The mandatory disclosure requirement for some indicators
- The structure and content of some modules, including the rationale for inclusion of each indicator and their definition.

In total, more than 1,000 individual items of feedback and other indicator-specific suggestions were received during the pilot, and these are currently being reviewed and incorporated into the development of the final framework by signatories working in a number of technical committees and working groups, supported by the PRI. An outline of how this feedback will be incorporated into the framework was provided in a [document](#) sent to all signatories in October 2012.

The formal consultation on reporting is now closed and the PRI Board, Council and the various technical committees that have been involved in developing it strongly endorse the way forward and the enhancements that we have proposed. These revisions can be implemented without altering the overarching approach of the new framework or compromising its original objectives, and provide the PRI's diverse signatory base with greater flexibility to report their responsible investment activities in ways that best reflect each organisation's unique approach.

## Assessment

### Assessment basics

#### **Q: Will I be able to make my assessment report public if I choose to do so myself?**

Due to the pilot nature of the assessment methodology and assessment report in the 2013/14 reporting cycle, it will not be possible to publicly publish your assessment report. However, in later years, it will be possible to publish this report as long as is accompanied by your RI Transparency Report.

#### **Q: Will the assessment add to the reporting effort?**

To score in the highest performance band (A) that have been proposed for each module in the assessment methodology, signatories will need to complete and perform well on both mandatory "core assessed" indicators and voluntary "additional assessed" indicators within each module. As such, assessment may add to the reporting effort if a signatory is aiming for the highest performance band and therefore completes voluntary "additional assessed" indicators. It will be up to signatories to select which additional voluntary indicators are most relevant for their responsible investment approach.

Signatories can also decide to only complete the mandatory indicators. However, this approach will preclude signatories from scoring beyond the second-highest performance band (B). For more information, please refer to the pilot [assessment methodology update](#).

### **Q: How does the PRI ensure the reported information is accurate?**

The new framework has been developed to move from “self-assessment” to “self-reporting” by signatories. Signatories will no longer be asked whether their organisation does a particular activity to a ‘small’, ‘moderate’ or ‘large’ extent, but will be asked to report objective information about their activities and processes. An important subset of this information will be published on the PRI website in new RI Transparency Reports for each signatory.

Several measures have been put in place to ensure the information reported by signatories is consistent and accurate, and explanatory notes and definitions will be included within each indicator to reduce the scope for misinterpretation. The Online Reporting Tool will carry out additional cross-checks on reported information to ensure it is accurate. The PRI also encourages signatories to have their reports independently assured.

### **Q: Can I opt-out of receiving my assessment report?**

It will be possible to opt-out of receiving your assessment report as in some countries, Freedom of Information laws require that this report may have to be made public. Even when you opt-out your responses will still be assessed and these scores will still be used in an aggregated confidential form to enable peer comparison for other signatories who have requested an assessment report, and for the Report on Progress.

## **Assessment methodology**

### **Q: Why is the assessment methodology being piloted in 2013/14 and 2014/15?**

The 2013/14 reporting cycle is the first full year of mandatory reporting under the new framework and the development of the new assessment methodology was designed to follow one year behind its development. The PRI Advisory Council acknowledges that there are many complex and sensitive issues surrounding the new assessment methodology and individual assessment reports and it was therefore agreed that these will be piloted over a two year period to provide more time to assess the issues and ensure they have been adequately addressed.

Feedback from the coming reporting cycle will be used to refine the assessment methodology, before further trials in 2014/15.

### **Q: When will the full assessment methodology be released?**

A high level overview of the proposed [assessment methodology](#) is now available on the PRI website. Whether a particular indicator will be assessed will be marked clearly in the final framework that is released in October 2013. However, the assessment methodology is not final and will be subject to further changes as the pilot progresses over the next two reporting cycles.

Important analysis of the assessment methodology can only be completed when a representative set of responses is available. As we believe it is essential that the methodology results in an accurate assessment of signatories, the PRI has decided to extend the period to develop the

methodology and assessment reports by a further year (2014/15) to ensure the methodology is compatible with the responses received .

Both the methodology and the number and selection of indicators that will be assessed will be subject to change based on analysis during this time.

**Will the assessment be based on both mandatory and voluntary indicators?**

Yes. A signatory’s module score will be based on their responses to both mandatory and voluntary indicators. Signatories will be able to use different combinations of ‘additional assessed’ indicators to add to their overall score, and no single pathway will need to be followed in order to reach a particular band. Signatories can respond to the voluntary indicators that are relevant to their organisation and their implementation of responsible investment.

**What is the difference between ‘core assessed’ and ‘additional assessed’ indicators?**

Indicators that are mandatory to report are included as part of the ‘core assessment’ process and will make up the majority of the score. However, if you only complete these indicators, you will only be able to achieve a score in the first three of four performance bands.

‘Additional assessed’ indicators can add to your score at any level and scoring on several ‘additional assessed’ indicators is required to achieve the highest performance band. By reporting, and scoring, on only a selection of these ‘additional assessed’ indicators, signatories can improve their score and potentially advance to the highest band.

**Q: What are the four bands of assessment for each module?**

The four performance bands for each module are as follows:

<b>Module Score (%)</b>	<b>Performance Band</b>
>75%	‘A’
51-75%	‘B’
26-50%	‘C’
0–25%	‘D’

**Q: Will my score still be peered against other organisations?**

Yes, your assessment result for each module will be presented against several peer groups. Peer groups will be based on type of signatory (investment manager/ asset owner), their region, AUM, as well as a selection of module-specific peer groups. At the indicator level, you will be assessed against other signatories that complete that particular indicator.

## The development of the new assessment methodology

### Q: How have signatories been involved in developing the new assessment methodology?

The new assessment methodology has been developed by the [Assessment Technical Committee](#) (ATC), with significant input from signatories and other stakeholders. The PRI has received input through:

- A public consultation throughout 2011 on the new framework,
- Six in-person meetings and many more exchanges with the Assessment Technical Committee in 2012/13
- A public consultation in mid-2012 on assessment outputs
- Feedback received during the Reporting Framework pilot in 2012; and
- Early tests of the proposed methodology with approximately 50 signatories who opted in to participate following the 2012 pilot.

In the recent consultation on assessment, 92% of respondents supported the concept of assessment, primarily as a learning and development tool.

### Q. How has the ATC been involved in the development of the methodology?

The Assessment Technical Committee (ATC) is comprised of 15 representatives, selected based on their professional credentials and experience in responsible investment reporting and assessment. It is represented by asset owner, investment manager and service provider signatories with a diversity of geographies and investment approaches. The ATC has supported the PRI throughout 2012/13 by participating in a series of meetings and calls, and by reviewing various drafts of both the framework and the assessment methodology. The PRI has also worked with an external consultant (Broadwater Advisory Services Ltd.) throughout the development of the methodology.