



# PRI REPORTING FRAMEWORK 2018 – SERVICE PROVIDERS Advisory and Consultancy (AC)

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## Understanding this document

In addition to the detailed indicator text and selection options, in each module of the PRI Reporting Framework, you can find information that will help you to identify which indicators are relevant for your organisation.

### Top bar

Key information about each indicator is highlighted in the top bar, including the indicator status (mandatory or voluntary) and the purpose of the indicator.

xxx 01	Indicator status <b>MANDATORY</b>	Purpose <b>GATEWAY</b>	Principle
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### Indicator status

<b>MANDATORY</b>
<b>MANDATORY TO REPORT</b> <b>VOLUNTARY TO DISCLOSE</b>
<b>VOLUNTARY</b>

Mandatory indicators reflect core practices. These responses will be made public and must be completed to submit the framework.

Some indicators are mandatory to complete but voluntary to disclose. These indicators may determine which subsequent indicators are applicable or are used for peering, but they may also contain commercially sensitive information.

Voluntary indicators reflect alternative or advanced practices. These indicators are voluntary to report and disclose.

### Purpose

Gateway



The responses to this indicator 'unlock' other indicators within a module if they are relevant for your organisation. Please refer to the logic box for more information.

Descriptive



These are open-ended narrative indicators that allow you to describe your activities.

### Underneath the indicator

Underneath the indicator, you can find the explanatory notes and definitions that contain important information on interpreting and completing the indicators. Read the logic box to make sure an indicator is applicable to you.

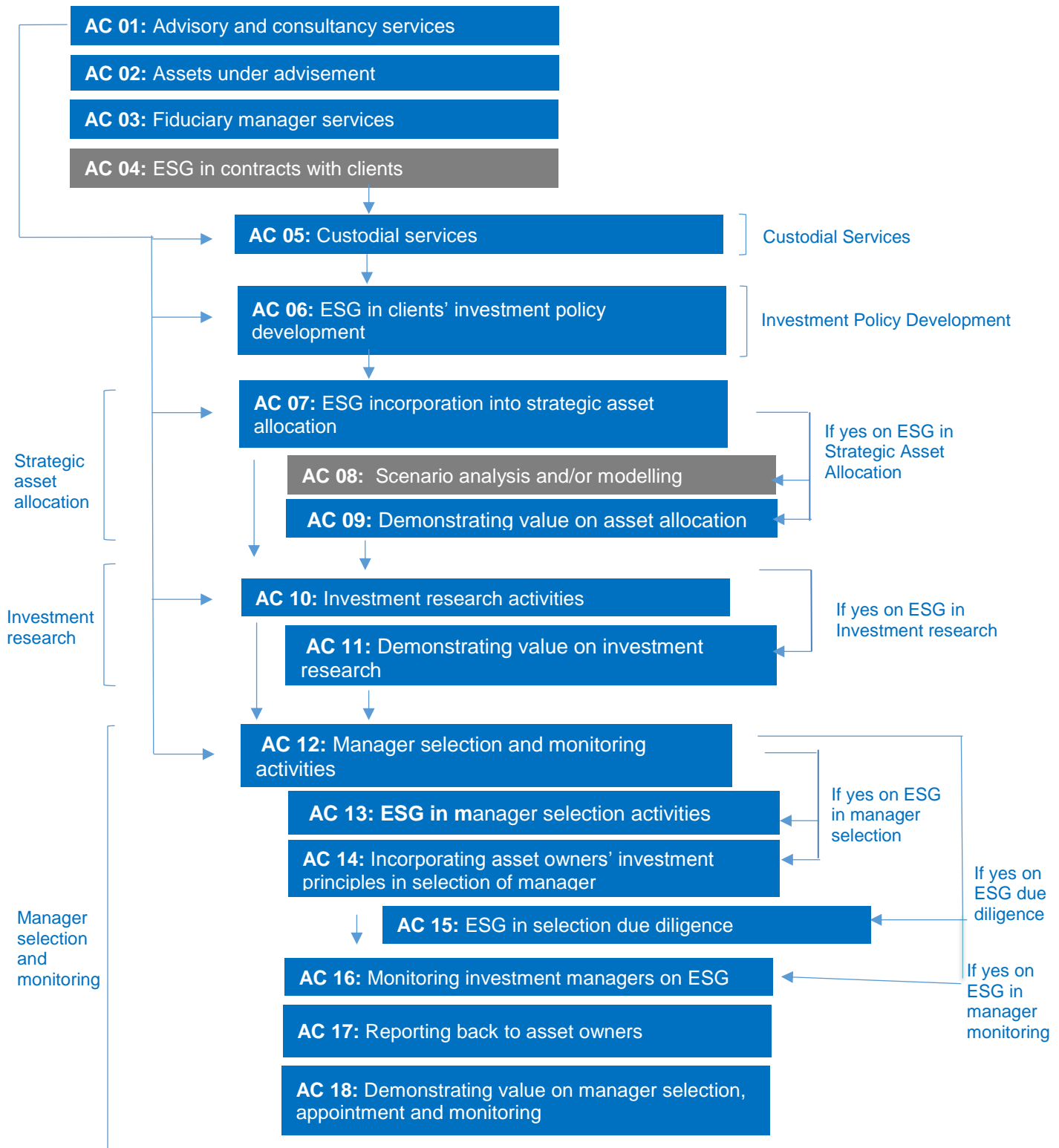
xxx 01	<b>EXPLANATORY NOTES</b>
xxx 01.1	This provides guidance on how to interpret the sub-indicators, including examples of what could be reported.
xxx 01.2	
<b>LOGIC</b>	
xxx 01	This explains when this indicator is applicable and/or if it has an impact on subsequent indicators. If there is no logic box, the indicator is always applicable and does not affect other indicators.

xxx 01	<b>DEFINITIONS</b>
xxx 01	Specific terms that are used in the indicator are defined here.

## Table of Contents

Understanding this document	2
Pathway through the module	4
Preface	5
Advisory and Consultancy	8
Custodian services	13
Investment policy development	14
Strategic asset allocation	16
Investment research	19
Selection, appointment and monitoring	21

# Pathways through the module



## Preface

The information reported in this module will enable your stakeholders to understand your organisation's approach to responsible investment, including your product offerings, areas of expertise, and how your activities add value for your clients.

Indicator	Update
AC 01	New indicator 01.2 has been added to capture new information. Indicator 01.3 has been renumbered from 01.2.
AC 02	Indicator 02.1 options have been modified. New indicator 02.2 has been added to capture new information. Indicator 02.3 has been renumbered from 02.2.
AC 03	Indicators 03.2 & 03.3 have been added to capture new information. Indicator 03.4 has been renumbered from 03.2.
AC 04	Indicator 04.1 has been reworded to improve clarity. Indicator 04.1 options have been modified. New indicator 04.3 has been added to capture new information. Indicator 04.4 has been renumbered from 04.3.
AC 05	Indicator 05.1 has been reworded to improve clarity. New Additional Information indicator has been added.
AC 06	New indicator 06.1 has been added to capture new information. Indicator 06.2 has been renumbered from 06.1. Indicator 06.2 options have been modified. New indicator 06.3 has been added to capture new information. New Additional Information indicator has been added.
AC 07	Indicator 07.1 options have been modified. New indicator 07.2 has been added to capture new information. Indicator 07.3 has been renumbered from 07.2. Indicator 07.3 has been reworded to improve clarity. Previous Indicator 07.3 has been deleted.
AC 10	New indicator 10.1 has been added to capture new information. Indicator 10.2 has been renumbered from 10.1.

	<p>Indicator 10.2 has been modified.</p> <p>New indicator 10.3 has been added to capture new information.</p> <p>Indicator 10.4 has been renumbered from 10.2.</p>
<b>AC 12</b>	<p>This indicator has been renumbered from AC 13.</p> <p>New indicators 12.1 &amp; 12.2 have been added to capture new information.</p> <p>Previous Indicators 13.1 &amp; 13.2 have been deleted.</p> <p>New Additional Information indicator has been added.</p>
<b>AC 13</b>	<p>This indicator has been renumbered from AC 12.</p> <p>Indicator 13.1 options have been modified.</p> <p>Indicator 13.2 has been modified.</p>
<b>AC 14</b>	<p>Previous Indicator AC 14 has been deleted.</p> <p>This indicator has been renumbered from AC 15.</p> <p>New Additional Information indicator has been added.</p>
<b>AC 15</b>	<p>This indicator has been renumbered from AC 16.</p> <p>Indicator 15.1 has been modified.</p> <p>Previous Indicators 16.2 &amp; 16.3 have been deleted.</p> <p>New Additional Information indicator has been added.</p>
<b>AC 16</b>	<p>This indicator has been renumbered from AC 17.</p> <p>Previous Indicator 17.1 has been deleted.</p> <p>Indicator 16.1 has been renumbered from 17.2.</p> <p>Indicator 16.1 has been modified.</p> <p>Indicator 16.2 has been renumbered from 17.3.</p> <p>Previous Indicator 17.4 has been deleted.</p> <p>New Additional Information indicator has been added.</p>
<b>AC 17</b>	<p>This indicator has been renumbered from AC 18.</p> <p>Previous Indicator 18.4 has been deleted.</p> <p>New Additional Information indicator has been added.</p>
<b>AC 18</b>	<p>This indicator has been renumbered from AC 19.</p>
<b>Prefilling</b>	<p>If you have responded to the Framework before, responses to this module can be prefilled from the previous year, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• AC 03.2 &amp; 03.3: Will not prefill because it is a new indicator.</li> <li>• AC 04.1: Will not prefill because it has been reworded and new selection options have been added.</li> </ul>

	<ul style="list-style-type: none"><li>• AC 04.3: Will not prefill because it is a new indicator.</li><li>• AC 06.1 &amp; 06.2: Will not prefill because they are either new or have new selection options.</li><li>• AC 07.1 &amp; 07.2: Will not prefill because they are either new or have new selection options.</li><li>• AC 10.1 &amp; 10.2: Will not prefill because they are either new, have been reworded and/or have new selection options.</li><li>• AC 12.1: Will not prefill because it is a new indicator.</li><li>• AC 13.1 &amp; 13.2: Will not prefill because they have been reworded and/or have new selection options.</li><li>• AC 16.1: Will not prefill because new selection options have been added.</li></ul>
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SECTION

## Advisory and Consultancy

AC 01	Indicator status <b>MANDATORY</b>	Purpose <b>GATEWAY</b>
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AC 01	INDICATOR
AC 01.1	Indicate whether your services include any of the following.
	<input type="checkbox"/> Custodial services
	<input type="checkbox"/> Investment policy development
	<input type="checkbox"/> Strategic asset allocation
	<input type="checkbox"/> Investment research
	<input type="checkbox"/> Manager selection and monitoring
	<input type="checkbox"/> Other, specify (1)_____
	<input type="checkbox"/> Other, specify (2)_____
AC 01.2	Describe how you ensure that your clients understand your service offerings and fee structure.
AC 01.3	Additional information. [OPTIONAL]

AC 01	EXPLANATORY NOTES
AC 01	This indicator allows you to indicate what types of services are included in your Advisory and Consultancy business offerings. Your response to this indicator will unlock the relevant indicators in this module.
AC 01.2	Actions might include presenting your fee breakdown and its correlation to your services, giving a detailed explanation of how your services will contribute to the goals and objectives of your clients and keeping information about your services updated on your website.
<b>LOGIC</b>	
AC 01	AC 05 will be applicable if you report that your services include 'Custodial services' AC 06 will be applicable if you report that your services include 'Investment policy development' AC 07 – AC 09 will be applicable if you report that your services include 'Strategic asset allocation' AC 10 – AC 11 will be applicable if you report that your services include 'Investment research'



	AC 12 – AC 18 will be applicable if you report that your services include ‘Manager selection and monitoring’
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AC 01	DEFINITIONS
<b>Custodial services</b>	Holding and protecting customer funds or investments. Custodial services may also include account administration, settling purchases and sales, managing clients’ accounts and transactions and ensuring tax compliance.
<b>Investment policy development</b>	Assisting clients in developing an investment policy may refer to a single policy document that applies across the organisation, or to a group of documents that, together, define the organisation’s approach to responsible investment and associated issues.
<b>Strategic asset allocation</b>	Strategic asset allocation covers advice on investment allocation to high-level asset classes according to their differing returns and risk profiles in order to match the investor’s risk tolerance, time horizon, and investment objectives/beliefs. This may refer to long-term portfolio construction advice as well as short/medium-term asset allocation advice (this may include tactical asset allocation). Actions may include asset/liability modelling, ESG risk management, choosing an appropriate equity/fixed income/cash split, developed/emerging market split, duration of fixed income, and listed/unlisted split.
<b>Investment research</b>	Investment research (sometimes referred to as portfolio research) refers to asset and/or holding level research, and may include actions such as equity research, credit research, and quant research or specific market research. This would be expected to be done for either strategic asset allocation or for the manager selection in a particular market.
<b>Manager selection and/or monitoring</b>	The process of identifying a universe of potential investment managers in a particular market, geography shortlisting and selecting them, and/or overseeing performance against agreed metrics.

AC 02	Indicator status MANDATORY TO REPORT, VOLUNTARY TO DISCLOSE	Purpose
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AC 02	INDICATOR				
AC 02.1	Indicate your total assets under advisement at the end of your reporting year.				
	Trillions	Billions	Millions	Thousands	Hundreds
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Currency	Select from a dropdown list: USD, EUR, GBP, CAD, AUD on top, then alphabetical.			
	<i>Assets in USD will be automatically calculated.</i>				
	<input type="radio"/> Not applicable				
AC 02.2	Please explain why this indicator is not applicable to you.				
AC 02.3	Additional information.				
	[OPTIONAL]				

AC 02	EXPLANATORY NOTES
AC 02.1	<p>This indicator aims to capture the scope of your influence and the services you offer and develop for your clients.</p> <p>'Assets under advisement' refers to assets that your organisation provides services for as a third party, on behalf of a beneficial owner. The reported assets under advisement should cover all of your services, and not just those with ESG components.</p> <p>Your assets will be automatically calculated into USD.</p>
AC 02.3	You may use this space to provide insight into how your organisation defines 'assets under advisement'.
AC 02	LOGIC
AC 02.1	AC 02.2 will be applicable if you select 'Not applicable' in AC 02.1

AC 02	DEFINITIONS
<b>Assets under advisement</b>	The term ‘assets under advisement’ refers to assets for which a third party organisation provides services that are beneficially owned by clients. The assets should not be considered part of an organisation’s balance sheet. Services provided do not include active investment management. Rather, the services offered are generally non-financial and/or administrative in nature.

AC 03	Indicator status <b>MANDATORY</b>	Purpose
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AC 03	INDICATOR
<b>AC 03.1</b>	<p>Indicate whether you provide fiduciary management services.</p> <p style="text-align: center;"> <input type="radio"/> Yes, we do           <span style="margin-left: 100px;"><input type="radio"/> No, we do not</span> </p>
<b>AC 03.2</b>	<p>Describe how you incorporate ESG factors into your fiduciary management services.</p> <p style="text-align: center;"> <input type="radio"/> No ESG incorporation currently, but plans exist to start incorporating ESG in the next reporting year  <input type="radio"/> No ESG/RI incorporation           </p>
<b>AC 03.3</b>	<p>Describe how ESG incorporation fits into your interpretation of fiduciary duty.</p>
<b>AC 03.4</b>	<p>Additional information. [OPTIONAL]</p>

AC 03	EXPLANATORY NOTES
<b>AC 03.2</b>	<p>You should also address to which extent ESG is incorporated into your fiduciary management services. For example, is ESG fully integrated as a standard product offering for no additional fee, or is ESG incorporation offered as a supplementary product for an additional fee.</p> <p>The information you provide here may include a description of your fiduciary manager processes and how they link to your advisement and consultancy services.</p>

<b>AC 03.4</b>	If you do not incorporate ESG in your fiduciary management services, or have plans to do so in the future, you could describe the rationale for this here.
<b>LOGIC</b>	
<b>AC 03.1</b>	AC 03.2 will be applicable if you select "Yes, we do" in AC 03.1. AC 03.3 will be applicable if you select "Yes, we do" in AC 03.1.

<b>AC 03</b>	<b>DEFINITIONS</b>
<b>Fiduciary management</b>	<p>Is a governance structure whereby an asset owner appoints a third party to delegate part of their investment process and act on their behalf. The scale of fiduciary management can range from full delegation of investment decisions and day-to-day running of portfolios, to partial delegation of portfolios or strategic de-risking.</p> <p>Fiduciary management is often referred to as implemented consulting, delegated de-risking or outsourced CIO.</p>

<b>AC 04</b>	Indicator status <b>VOLUNTARY</b>	Purpose <b>DESCRIPTIVE</b>
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<b>AC 04</b>	<b>INDICATOR</b>
<b>AC 04.1</b>	<p>Indicate whether you are asked to embed ESG consideration in contracts and/or business plans with clients.</p> <p> <input type="radio"/> Yes, we typically are    <input type="radio"/> Yes, we occasionally are    <input type="radio"/> No, we are not </p> <p> <input type="radio"/> Our organisation embeds ESG considerations in contracts as a standard procedure  <input type="radio"/> Not applicable </p>
<b>AC 04.2</b>	<p>If yes, describe how ESG considerations are incorporated into contracts with clients.</p>
<b>AC 04.3</b>	<p>Describe why this is not applicable to your organisation.</p>
<b>AC 04.4</b>	<p>Additional information.</p> <p><b>[OPTIONAL]</b></p>

<b>AC 04</b>	<b>LOGIC</b>
<b>AC 04.1</b>	AC 04.2 will be applicable if you report 'Yes, we typically are', 'Yes, we occasionally are', or 'Our organisation embeds ESG considerations in contracts as a standard procedure'. AC 04.3 will be applicable if you report 'Not applicable'.
<b>AC 04.4</b>	You may use this indicator to provide information on how you embed ESG considerations in other formal documents with clients, if this is not done through contracts with clients.

**SECTION**

**Custodial services**

<b>AC 05</b>	Indicator status <b>MANDATORY</b>	Purpose <b>DESCRIPTIVE</b>
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<b>AC 05</b>	<b>INDICATOR</b>
<b>AC 05.1</b>	Briefly describe your custodial service and its main components.
<b>AC 05.2</b>	Describe how you incorporate ESG factors and RI-considerations into your custodial service.
<b>AC 05.3</b>	Additional information [OPTIONAL]

SECTION

## Investment policy development

AC 06	Indicator status <b>MANDATORY</b>	Purpose <b>DESCRIPTIVE</b>
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AC 06	INDICATOR			
AC 06.1	Indicate whether you incorporate ESG into your investment policy development services.			
	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not. Plans exist to start incorporating ESG into our investment policy development services in the next reporting year	<input type="radio"/> No, we do not
AC 06.2	Describe how you incorporate ESG factors and RI-considerations when advising clients on investment policy development.			
	<input type="checkbox"/> Reviewing clients' existing beliefs, investment strategy and policy in relation to ESG <input type="checkbox"/> Aligning the investment policy with the client's overall ESG strategy and beliefs <input type="checkbox"/> Helping clients define ESG investment objectives and incorporating them into policies <input type="checkbox"/> Considering short-, mid- and long term time horizon of overall ESG objectives outlined in the investment policy <input type="checkbox"/> Aligning the policy with the relevant ESG/RI regulations and public policies <input type="checkbox"/> Determining the client's ESG risk-profile and materiality to inform the investment policy <input type="checkbox"/> Providing education/training and case studies if the client has not publicly committed to an ESG strategy or beliefs, and seek to incorporate ESG in the client's investment policy <input type="checkbox"/> Researching ESG trends, terminology and current debate to help create an up-to-date investment policy <input type="checkbox"/> Comparing ESG investment policies of peers in the market <input type="checkbox"/> Engaging the client organisations' executives, Board and any other stakeholders in the ESG investment policy development <input type="checkbox"/> Outlining the internal governance structure responsible for overseeing and implementing the investment policy <input type="checkbox"/> Other, specify (1)____ <input type="checkbox"/> Other, specify (2)____ <input type="checkbox"/> Other specify (3)____			
AC 06.3	Describe why you do not currently incorporate ESG into your investment policy development services, and possible plans for doing so in the future.			

AC 06.4	Additional information. [OPTIONAL]
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AC 06	<b>EXPLANATORY NOTES</b>
AC 06	This indicator allows you to describe whether RI or ESG items are standard parts of discussions with clients when advising on investment policies.
AC 06.4	You may wish to give further context and details on your investment policy development services. You may include information on any awareness-raising activities you undertake to provide investors with information on ESG risks and opportunities.
<b>LOGIC</b>	
AC 06.1	AC 06.2 will be applicable you report 'Yes, we systematically do' or 'Yes, we occasionally do' AC 06.3 will be applicable if you report 'No, we do not. Plans exist to start incorporating ESG into our investment policy development services in the next reporting year' or 'No, we do not'

SECTION

## Strategic asset allocation

AC 07	Indicator status <b>MANDATORY</b>	Purpose <b>DESCRIPTIVE</b>
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AC 07	INDICATOR			
AC 07.1	Indicate whether you incorporate ESG into your strategic asset allocation process.			
	<table border="1"> <tr> <td><input type="radio"/> Yes, we systematically do</td> <td><input type="radio"/> Yes, we occasionally do</td> <td><input type="radio"/> No, we do not. Plans exist to start incorporating ESG into our strategic asset allocation services in the next reporting year</td> <td><input type="radio"/> No, we do not</td> </tr> </table>	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not. Plans exist to start incorporating ESG into our strategic asset allocation services in the next reporting year
<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not. Plans exist to start incorporating ESG into our strategic asset allocation services in the next reporting year	<input type="radio"/> No, we do not	
AC 07.2	Indicate how you incorporate ESG into your strategic asset allocation services.			
	<ul style="list-style-type: none"> <li><input type="checkbox"/> Incorporating climate change-specific factors into analysis of expected returns and risk levels across asset classes</li> <li><input type="checkbox"/> Incorporating other environmental considerations into analysis of long-term expected returns and risk levels across asset classes e.g. biodiversity, water usage, waste and hazardous materials</li> <li><input type="checkbox"/> Incorporating social considerations into analysis of long-term expected returns and risk levels across asset classes</li> <li><input type="checkbox"/> Incorporating governance considerations into analysis of long-term expected returns and risk levels across asset classes</li> <li><input type="checkbox"/> Incorporating ESG when advising on target percentages for allocation in asset classes</li> <li><input type="checkbox"/> Aligning the strategic asset allocation with the client's ESG investment policy, ESG investment objectives and ESG risk profile</li> <li><input type="checkbox"/> Other, specify(1)_____</li> <li><input type="checkbox"/> Other, specify(2)_____</li> <li><input type="checkbox"/> Other, specify(3)_____</li> </ul>			
AC 07.3	Describe why you do not currently incorporate ESG into your asset allocation services, and possible plans for doing so in the future.			
AC 07.4	Additional information. [OPTIONAL]			



AC 07	EXPLANATORY NOTES
AC 07	<p>Some signatories are starting to assess the implications of issues such as water scarcity for their asset allocation (e.g., on the basis of economic scenario planning). Some may also consider corporate governance practices, the robustness of a country's regulatory frameworks, or a country's approach to managing environmental and social challenges when making geographical allocations.</p> <p>This is distinct from general ESG integration into individual investment decisions</p>
AC 07.4	You may wish to give further context and details on your strategic asset allocation services.
LOGIC	
AC 07.1	<p>AC 07.2 will be applicable if you report 'Yes, we systematically do' or 'Yes, we occasionally do'</p> <p>AC 07.3 will be applicable if you report 'No, we do not. Plans exist to start incorporating ESG into our strategic asset allocation services in the next reporting year' or 'No, we do not'</p>

AC 08	Indicator status	Purpose
AC 08	VOLUNTARY	

AC 08	INDICATOR
AC 08.1	<p>Indicate whether your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at the overall portfolio level is calculated</p> <p><input type="radio"/> Yes</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Scenario analysis that includes factors representing the investment impacts of future environmental trends</li> <li><input type="checkbox"/> Scenario analysis that includes factors representing the investment impacts of future social trends</li> <li><input type="checkbox"/> Scenario analysis that includes factors representing the investment impacts of future governance trends</li> <li><input type="checkbox"/> Other; specify _____</li> </ul> <p><input type="radio"/> No</p>
AC 08.2	<p>Additional information.</p> <p>[OPTIONAL]</p>

AC 08	EXPLANATORY NOTES
AC 08.1	Scenario analysis that includes factors representing the investment impacts of future trends including their risk profile at the portfolio level. For example: resource scarcity or technological developments.

AC 09	Indicator status <b>MANDATORY</b>	Purpose
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<b>AC 09</b>	<b>INDICATOR</b>
<b>AC 09.1</b>	Describe how you measure, track or otherwise demonstrate your value on asset allocation activities.
<b>AC 09.2</b>	Additional information. [OPTIONAL]

<b>AC 09</b>	<b>EXPLANATORY NOTES</b>
<b>AC 09.1</b>	Please explain how you measure, track or otherwise demonstrate to clients how you fulfil their requirements. You may wish to talk about reporting, measurement of impact, use of KPIs, recording changes or other tracking processes. You can also talk about your definition of success. Your measurement of value may not necessarily be in financial terms.

SECTION

Investment research

AC 10	Indicator status <b>MANDATORY</b>	Purpose
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AC 10	INDICATOR			
AC 10.1	Indicate whether you incorporate ESG into your investment research services.			
	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not. Plans exist to start incorporating ESG into our investment research services in the next reporting year	<input type="radio"/> No, we do not
AC 10.2	Indicate whether the following activities are part of your investment research process. Describe for each activity how you incorporate ESG.			
	<b>Investment research activities</b>		<b>Describe how you incorporate ESG</b>	
	<input type="checkbox"/> Asset level research			[word count 250]
	<input type="checkbox"/> Portfolio level research			[same as above]
	<input type="checkbox"/> Performance monitoring			
	<input type="checkbox"/> Mandate design			
	<input type="checkbox"/> Benchmark selection			
	<input type="checkbox"/> Equity research			
	<input type="checkbox"/> Credit research			
	<input type="checkbox"/> Quant research			
	<input type="checkbox"/> Sector research			
	<input type="checkbox"/> Thematic research			
	<input type="checkbox"/> Other, specify (1)_____			
	<input type="checkbox"/> Other, specify (2)_____			
	<input type="checkbox"/> Other, specify (3)_____			
<input type="radio"/> None of the above				
AC 10.3	Describe why you do not currently incorporate ESG into your investment research services, and possible plans for doing so in the future.			

<b>AC 10.4</b>	Additional information. [OPTIONAL]

<b>AC 10</b>	<b>LOGIC</b>
<b>AC 10.1</b>	AC 10.2 will be applicable you report 'Yes, we systematically do' or 'Yes, we occasionally do' AC 10.3 will be applicable if you report 'No, we do not. Plans exist to start incorporating ESG into our investment research services in the next reporting year' or 'No, we do not'

<b>AC 11</b>	Indicator status <b>MANDATORY</b>	Purpose <b>DESCRIPTIVE</b>
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<b>AC 11</b>	<b>INDICATOR</b>
<b>AC 11.1</b>	Describe how you measure, track or otherwise demonstrate your value on investment research activities.
<b>AC 11.2</b>	Additional information. [OPTIONAL]

<b>AC 11</b>	<b>EXPLANATORY NOTES</b>
<b>AC 11.1</b>	Please explain how you measure, track, or otherwise demonstrate to clients how you fulfil their requirements. You may wish to talk about reporting, measurement of impact, use of KPIs, recording changes, or other tracking processes. You can also talk about your definition of success. Your measurement of value may not necessarily be in financial terms.

SECTION

## Manager selection and monitoring

AC 12	Indicator status <b>MANDATORY</b>	Purpose <b>GATEWAY</b>
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AC 12	INDICATOR				
	Indicate whether you incorporate ESG factors into your manager selection and monitoring services.				
AC 12.1	Manager selection service	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not. Plans exist to start incorporating ESG into our manager selection services in the next reporting year	<input type="radio"/> No, we do not
	Manager monitoring service	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not. Plans exist to start incorporating ESG into our manager monitoring services in the next reporting year	<input type="radio"/> No, we do not
AC 12.2	Describe why you do not currently incorporate ESG into your manager selection and/or monitoring services, and possible plans are for doing so in the future.				
AC 12.3	Additional information [OPTIONAL]				

AC 12	EXPLANATORY NOTES
AC 12.2	This indicator seeks information about the typical processes in place and actions taken by your organisation when considering ESG/RI in manager selection, appointment, and monitoring (even

	if managers have not been selected, appointed, or monitored during the reporting year). You will be able to provide a more detailed account of some of these processes in subsequent indicators
<b>LOGIC</b>	
<b>AC 12.1</b>	<p>AC 12.2 will be applicable if you report 'No, we do not. Plans exist to start incorporating ESG into our manager selection and monitoring services in the next reporting year' or 'No, we do not'</p> <p>AC 13 – AC 14 will be applicable if you select 'Yes, we systematically do' or 'Yes, we occasionally do' for your manager selection service.</p> <p>AC 16 will be applicable if you select 'Yes, we systematically do' or 'Yes, we occasionally do' for your manager monitoring service.</p> <p>If you select either 'No, we do not' or 'No, we do not. Plans exist...' for both your selection and monitoring services, the rest of this module (AC 13-18) will not unlock for you.</p>

## SELECTION

<b>AC 13</b>	Indicator status <b>MANDATORY</b>	Purpose
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<b>AC 13</b>	<b>INDICATOR</b>
<b>AC 13.1</b>	Indicate what activities you undertake during the process of selecting a manager.
	<b>Research and screening</b>
	<input type="checkbox"/> Conducting ESG due diligence <input type="checkbox"/> Developing guidelines and/or RI priorities for the selection process <input type="checkbox"/> Conducting internal database screening that includes ESG factors <input type="checkbox"/> Conducting external database screening that includes ESG factors <input type="checkbox"/> Qualitative research that includes ESG factors <input type="checkbox"/> Conducting ESG risk analysis <input type="checkbox"/> Other, specify (1)____ <input type="radio"/> None of the above
	<b>Strategy</b>
	<input type="checkbox"/> Assessing the time horizon of the manager's offering vs. your client's requirements <input type="checkbox"/> Assessing the quality of the manager's investment policy and its reference to ESG <input type="checkbox"/> Assessing the investment approach of the manager and how ESG factors are incorporated <input type="checkbox"/> Reviewing active ownership capabilities and track record of potential shortlisted managers

	<input type="checkbox"/> Other, specify (1)____ <input type="radio"/> None of the above
	<b>ESG people/oversight</b>
	<input type="checkbox"/> Assessing the ESG expertise of investment teams <input type="checkbox"/> Reviewing the oversight and responsibilities of ESG implementation <input type="checkbox"/> Other, specify(1)____ <input type="radio"/> None of the above
	<b>Process/portfolio construction</b>
	<input type="checkbox"/> Reviewing how ESG materiality is evaluated by managers <input type="checkbox"/> Reviewing the manager's use of ESG information in the investment decision-making process <input type="checkbox"/> Review the impact of ESG analysis on investment decisions by the manager <input type="checkbox"/> Review the manager's ESG risk framework <input type="checkbox"/> Other, specify(1)____ <input type="radio"/> None of the above
	<b>Selection process and reviewing documentation</b>
	<input type="checkbox"/> Reviewing ESG/RI responses to request for proposals <input type="checkbox"/> Reviewing PRI Transparency Reports of the potential manager <input type="checkbox"/> Request and discuss PRI Assessment Reports of the potential manager <input type="checkbox"/> Reviewing potential manager's assurance process on ESG/RI data and processes <input type="checkbox"/> Meetings/calls with potential shortlisted investment managers covering ESG/RI themes <input type="checkbox"/> Site visits to potential managers' offices <input type="checkbox"/> Other, specify (1)____ <input type="radio"/> None of the above
AC 13.2	<p>Indicate whether you use any of the following scores or targets in your manager selection process.</p> <input type="checkbox"/> ESG score <input type="checkbox"/> ESG weight <input type="checkbox"/> Real economy targets <input type="checkbox"/> Other RI considerations____ <input type="radio"/> None of the above
AC 13.3	<p>Additional information.</p> <p>[OPTIONAL]</p>

AC 13	EXPLANATORY NOTES
AC 13.1	<p>This indicator will allow you to demonstrate which activities you normally include when selecting a manager.</p> <p><b>Strategy</b></p> <p>‘Assessing the time horizon of the manager’s offering vs. your client’s requirements’ - this also includes assessing how the time horizon fits with your client’s ESG objectives and how it’s reflected with the investment managers’ portfolio turnover rate.</p> <p>‘Assessing the quality of the manager’s investment policy and its reference to ESG’ - this could mean reviewing the references to ESG, the coverage of the policy in terms of regions, products, strategies and asset classes also understanding how any changes in the policy are implemented.</p> <p><b>ESG people/oversight</b></p> <p>‘Assessing the ESG expertise of investment teams’ - understand if there is an ESG team, specialists or if ESG function is integrated throughout the investment team. If there is a separate ESG team – review where is it based and how it works together with the rest of the organisation. If ESG responsibilities are integrated throughout the teams – understand how the team is trained and recruited to ensure that they have the ESG skills and competencies. This may include a discussion of, for example, any differences between mandates, strategies or markets.</p> <p><b>Process/portfolio construction</b></p> <p>‘Review the impact of ESG analysis on investment decisions by the manager’ - Understanding the investment process – is the investment manager using fundamental analysis or thematic, this determines how ESG materiality is identified, and is the process driven by qualitative or quantitative factors.</p> <p><b>Selection process and reviewing documentation</b></p> <p>Meetings with the potential shortlisted managers can include video conference and other multimedia meetings.</p> <p>‘Review assurance process’ refers to reviewing the assurance process that the investment manager applies to its financial or other reports. Reviewing this process would ideally result in you as an organisation being more confident in the data and information that the investment manager presents to you.</p>
<b>LOGIC</b>	
AC 13.1	AC 15 will be applicable if you report that you undertake 'ESG due diligence' when selecting a manager.



AC 14	Indicator status <b>MANDATORY</b>	Purpose <b>DESCRIPTIVE</b>
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<b>AC 14</b>	<b>INDICATOR</b>
<b>AC 14.1</b>	Describe how you incorporate asset owners' investment principles into the manager selection process.
<b>AC 14.2</b>	Additional information [OPTIONAL]

<b>AC 14</b>	<b>EXPLANATORY NOTES</b>
<b>AC 14.1</b>	You may include a description of the processes you have in place to ensure that your asset owner clients' investment principles are incorporated into the activities you undertake when selecting investment managers.

AC 15	Indicator status <b>MANDATORY</b>	Purpose <b>DESCRIPTIVE</b>
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<b>AC 15</b>	<b>INDICATOR</b>
<b>AC 15.1</b>	Briefly describe how you include ESG factors in your due diligence process for manager selection.
<b>AC 15.2</b>	Additional information [OPTIONAL]

<b>AC 15</b>	<b>LOGIC</b>
<b>AC 15</b>	AC 15 is applicable if you select 'ESG due diligence' in AC 13.1.

<b>AC 15</b>	<b>DEFINITIONS</b>
<b>Due diligence</b>	A process for integrating material ESG factors into investment practices, and for understanding where responsibility for doing so lies.

**MONITORING**

<b>AC 16</b>	Indicator status <b>MANDATORY</b>	Purpose DESCRIPTIVE
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<b>AC 16</b>	<b>INDICATOR</b>
<b>AC 16.1</b>	<p>Indicate whether you set any of the following to measure compliance/progress, or use the following information to review and evaluate the investment manager..</p> <p><b>Setting measures for the investment manager as part of the monitoring process</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> ESG score</li> <li><input type="checkbox"/> ESG weight</li> <li><input type="checkbox"/> Real economy targets</li> <li><input type="checkbox"/> Other RI considerations_____</li> <li><input type="radio"/> None of the above</li> </ul> <p><b>Reviewing and evaluating information from the investment manager as part of the monitoring process</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> ESG objectives linked to investment strategy</li> <li><input type="checkbox"/> Investment restrictions and any controversial investment decisions</li> <li><input type="checkbox"/> ESG incorporation objectives</li> <li><input type="checkbox"/> ESG portfolio characteristics</li> <li><input type="checkbox"/> How ESG materiality has been evaluated by the manager in the monitored period</li> <li><input type="checkbox"/> Information on any ESG incidents</li> <li><input type="checkbox"/> Metrics on the real economy influence of the investments</li> <li><input type="checkbox"/> PRI Transparency Reports</li> <li><input type="checkbox"/> PRI Assessment Reports</li> <li><input type="checkbox"/> Other general RI considerations in investment management agreements, specify_____</li> <li><input type="radio"/> None of the above</li> </ul>
<b>AC 16.2</b>	<p>Describe how you raise and manage concerns when monitoring investment managers on ESG factors.</p>
<b>AC 16.3</b>	<p>Additional information [OPTIONAL]</p>

AC 16	EXPLANATORY NOTES
AC 16.2	<p>ESG score and weight does not have to be quantitative; this could also be assurance requirements or complying with minimum standards.</p> <p>ESG objectives linked to investment strategy - objectives set to adhere to Codes of Conduct, your organisation's investment strategy, investment policy and/or statement of beliefs and similar strategy / governance documents.</p> <p>Investment restrictions and any controversial investment decisions – this could mean checking if investment manager has invested or disinvested with a non-consensus view.</p> <p>ESG portfolio characteristics – this would include reviewing what companies are in the portfolio, what are their respective ESG scores and how has the ESG composition of the portfolio changed from the last reporting period. This could also include reviewing examples of turnover for the monitored time period.</p> <p>Information on any ESG incidents – this could also include any examples of previously bought stock being sold due to ESG factors.</p> <p>Metrics on the real economy influence of the investments – this could for example be the energy efficiency of the portfolio of buildings.</p>
AC 16.3	<p>You may wish to comment on variations in the reporting provided by the selected managers and on the reasons for these variations (e.g. does it reflect their contractual obligations? Is it a function of asset class or the types of investment being made?).</p> <p>If you require investment managers to undertake carbon portfolio monitoring, you are strongly encouraged to report this using the 'additional information' field.</p>

AC 16	DEFINITIONS
ESG factors/issues	<p>A definitive list of environmental, social, and governance (ESG) issues does not exist. It would not be possible or desirable to produce a list, or a set of definitions, that claimed to be exhaustive or definitive. Any such list would inevitably be incomplete and would soon be out of date. Nonetheless, the table below provides examples of ESG issues, for guidance purposes.</p>
Environmental (E)	<p>Issues relating to the quality and functioning of the natural environment and natural systems. These include: biodiversity loss, greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use, ocean acidification, and changes to the nitrogen and phosphorus cycles.</p>
Social (S)	<p>Issues relating to the rights, well-being and interests of people and communities. These include: human rights, labour standards in the supply chain, child, slave, and bonded labour, workplace health and safety, freedom of association and freedom of expression, human capital management and employee relations; diversity; relations with local communities, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons.</p>
Governance (G)	<p>Issues relating to the governance of companies and other investee entities. In the listed equity context these include: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, internal controls and risk management, and, generally speaking, issues dealing with the relationship between a company's management, its board, its shareholders, and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented. In the unlisted asset classes, governance issues also</p>

	include matters of fund governance, such as the powers of advisory committees, valuation issues, fee structures, etc.
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<b>AC 17</b>	Indicator status <b>MANDATORY</b>	Purpose <b>DESCRIPTIVE</b>
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<b>AC 17</b>	<b>INDICATOR</b>
<b>AC 17.1</b>	Indicate whether you report back to asset owners on your manager selection and/or monitoring activities. <input type="radio"/> Yes, we systematically do <input type="radio"/> Yes, we occasionally do <input type="radio"/> No, we do not
<b>AC 17.2</b>	If yes, describe how you report back and the frequency.
<b>AC 17.3</b>	If no, please explain why not.
<b>AC 17.4</b>	Additional information [OPTIONAL]

<b>AC 17</b>	<b>EXPLANATORY NOTES</b>
<b>AC 17</b>	Explain if you are required to report back on ESG inclusion in and impact on selection, appointment, and monitoring decisions. You may also specify whether you actively report this information, even if not asked.
<b>LOGIC</b>	
<b>AC 17</b>	AC 17.2 will be applicable if you reported 'Yes, we systematically do' or 'Yes, we occasionally do'. AC 17.3 will be applicable if you reported 'No, we do not'.

AC 18	Indicator status <b>MANDATORY</b>	Purpose <b>DESCRIPTIVE</b>
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AC 18	INDICATOR
AC 18.1	Describe how you measure, track or otherwise demonstrate your value on manager selection and monitoring services.
AC 18.2	Additional information. [OPTIONAL]

AC 18	EXPLANATORY NOTES
AC 18.1	Please explain how you measure, track or otherwise demonstrate to clients how you fulfil their requirements. You may wish to talk about reporting, measurement of impact, use of KPIs, recording changes or other tracking processes. You can also talk about your definition of success. Your measurement of value may not necessarily be in financial terms.