

REPORTING FRAMEWORK REVIEW

PRI FORMAL CONSULTATION - SERVICE PROVIDERS

March 2019

PRI MISSION AND PRINCIPLES

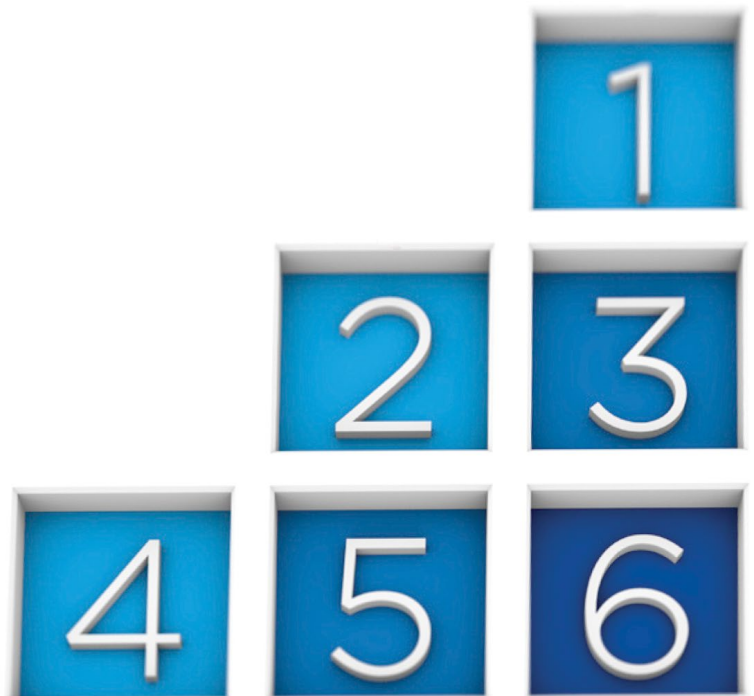
PRI MISSION

We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

THE SIX PRINCIPLES

- 1** We will incorporate ESG issues into investment analysis and decision-making processes.
- 2** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4** We will promote acceptance and implementation of the Principles within the investment industry.
- 5** We will work together to enhance our effectiveness in implementing the Principles.
- 6** We will each report on our activities and progress towards implementing the Principles.



1.

INTRODUCTION

PRI reporting is the largest global reporting project on responsible investment for institutional investors. The first reporting survey was developed in 2009, and in 2012 the survey was developed into a reporting framework. It has been designed, with signatories, to be an investor-specific framework and further developed in line with the advancements in responsible investment.

All signatories commit to the six Principles, and Principle 6 states that 'We will each report on our activities and progress towards implementing the Principles'. We see the reporting framework as an important accountability

and educational tool that allows signatory to track their responsible investment progress and benchmark themselves against their peers.

In 2019 we expect that almost 2,200 signatories will report to the PRI – and through us to the wider market – on their responsible investment activities.

As part of our [Blueprint for responsible investment](#) – looking at how to take responsible investment forward over the next decade – we committed to undertake a review of our current Reporting Framework.

PRI REPORTING FRAMEWORK

IN NUMBERS

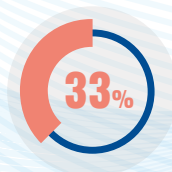
GROWTH IN REPORTERS



2014 vs 2018

78%
GROWTH

CLIMATE CHANGE



OF SIGNATORIES REPORTED
ON CLIMATE CHANGE

SERVICE PROVIDERS



201
REPORTERS IN 2018

PRI DATA PORTAL



SINCE THEN

200 INVESTORS
HAVE REQUESTED NEARLY
1000 ASSESSMENT
REPORTS
FROM
439 SIGNATORIES

DIALOGUE



OF REQUESTS FROM AO TO IM
APPROVED

TRANSPARENCY REPORTS



485
INVESTORS
ACCESSED
OTHER INVESTORS'
TRANSPARENCY
REPORTS
(PUBLIC VERSION)

2.

AIM OF THE REPORTING FRAMEWORK REVIEW

The Reporting Framework review is important for both the PRI and its signatories and therefore the review will be extensive. The four objectives of the Reporting Framework and its outputs (see below) are broad, overlapping and different signatories will likely have different priorities. Through the review we want to investigate:

- your priority objectives for the Reporting Framework, its utility, effectiveness and how it could be improved;
- views on how reporting and assessment can best help signatories to learn and develop ESG incorporation and active ownership practices, which are core to the PRI's work;
- how reporting and assessment can best help to showcase leadership, demonstrate transparency and or keep PRI signatories (individually and collectively) to account (and to which audience);
- how reporting and assessment and the various outputs can best "drive meaningful data" throughout the investment chain and provide value to asset owner decision-making;
- how best to respond to increasing investor demand to report on and demonstrate real world impact, aligned with the Sustainable Development Goals;
- the broader responsible investment reporting landscape and its long-term future.

The PRI has a large and diverse signatory base, with asset owners, investment managers and service providers of different sizes, markets and respective audiences. From the consultation we want to understand the variety of perspectives and acknowledge any possible trade-offs.

The aim of the review is to ensure that the PRI's reporting and assessment is fit for purpose, remains relevant to evolving responsible investment practices and is useful for signatories and the responsible investment market as a whole. The review will cover the Reporting Framework itself, as well its various outputs and tools, within the broader context of the RI/ESG reporting landscape and the requirement to drive more meaningful data throughout markets.

3.

REPORTING FRAMEWORK OBJECTIVES

The Reporting Framework and its outputs have four broad, overlapping objectives:

1. LEARNING AND DEVELOPMENT

The primary aim of the Reporting Framework has been signatory learning and development. Through the reporting process signatories can:

- evaluate their responsible investment progress through an industry-developed framework, by completing the framework itself and receiving an assessment report from the PRI;
- receive ongoing feedback and tools for improvement developed by other signatories and the PRI to improve responsible investment practices;
- benchmark their performance against peers, via the assessment reports and the Data Portal;
- strengthen internal processes and build ESG capacity.

2. DRIVING RESPONSIBLE INVESTMENT CHANGE

The Reporting Framework and its various outputs, including peer benchmarking as part of the assessment process, can help to drive change within signatory organisations and throughout the investment chain. Completing the reporting framework and the transparency and assessment reports can help individuals within signatories to demonstrate progress, build awareness and define actions for change within a signatory organisation.

Reporting and assessment can empower asset owners: in their dialogues with investment managers and service providers, in selecting and monitoring them on their responsible investment credentials and in holding them to account.

The Reporting Framework provides data on policies, governance and responsible investment processes: asset owner signatories are increasingly using the [PRI Data Portal](#) as part of their processes to select, appoint and monitor their investment managers and service providers. The Data Portal allows users to: search and group public transparency reports, request access to private transparency reports and assessment Reports, view scores for specific groups and export public responses for any number of indicators per module.

3. LEADERSHIP AND ACCOUNTABILITY

Signatories can demonstrate their responsible investment leading practices by sharing their transparency reports and disclosing their assessment scores.

For 2019, the PRI has introduced a [Leaders' Group](#) to be identified via Reporting Framework submissions using scores taken from a variety of modules of signatories' assessment reports. Each year the Leaders' Group will focus on a particular topic. In 2019 the topic will be asset owners' selection, appointment and monitoring of external managers (and therefore the Leaders' Group will only look at asset owners this year).

Increasingly signatories are being asked by clients, beneficiaries and or regulators to disclose and be accountable for their responsible investment practices and/or impacts. Some signatories use the reporting outputs to communicate their efforts to wider audiences.

Signatories commit to the six Principles, and the Reporting Framework is the PRI's accountability mechanism. All signatories have to publicly report, and investors have to meet three minimum requirements for signatory status over time. (For more information on minimum requirements see [here](#).)

4. STATE OF THE MARKET AND A PUBLIC GOOD

Analysis of the Reporting Framework data enables the PRI to demonstrate the responsible investment practices and actions of the signatory base in aggregate, to communicate trends and snapshots, to understand the state of the market and to identify areas of future focus and effort.

The data has also become a valuable source for academic analysis, to in turn help advance the practices of the investment community.

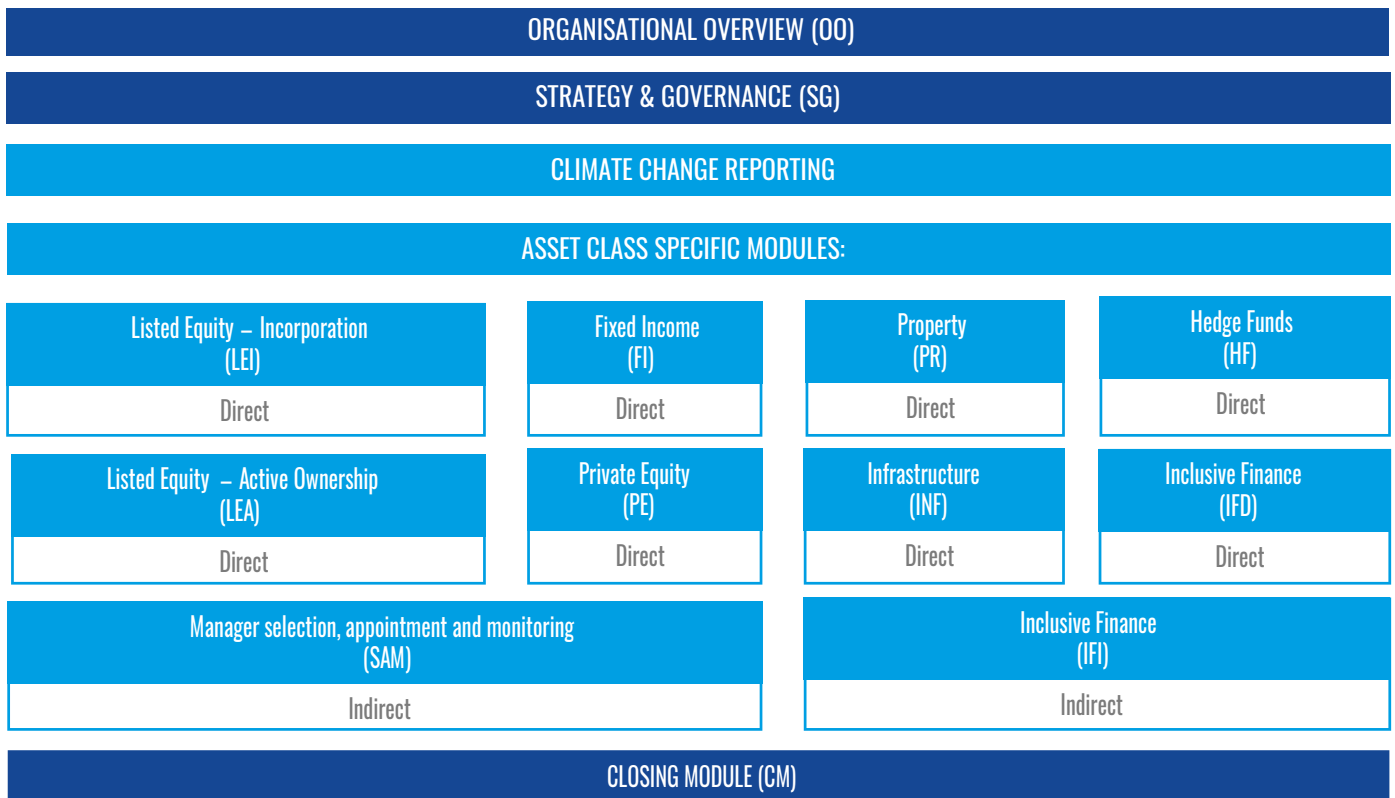
4.

CURRENT REPORTING FRAMEWORK STRUCTURE AND OUTPUTS

INVESTOR REPORTING

For investors (asset owners and investment managers), the current Reporting Framework is split into 12 modules. Each module has a separate theme and includes a number of indicators to respond to.

All signatories complete the organisational overview, strategy & governance and closing module. The remaining modules are asset class specific.

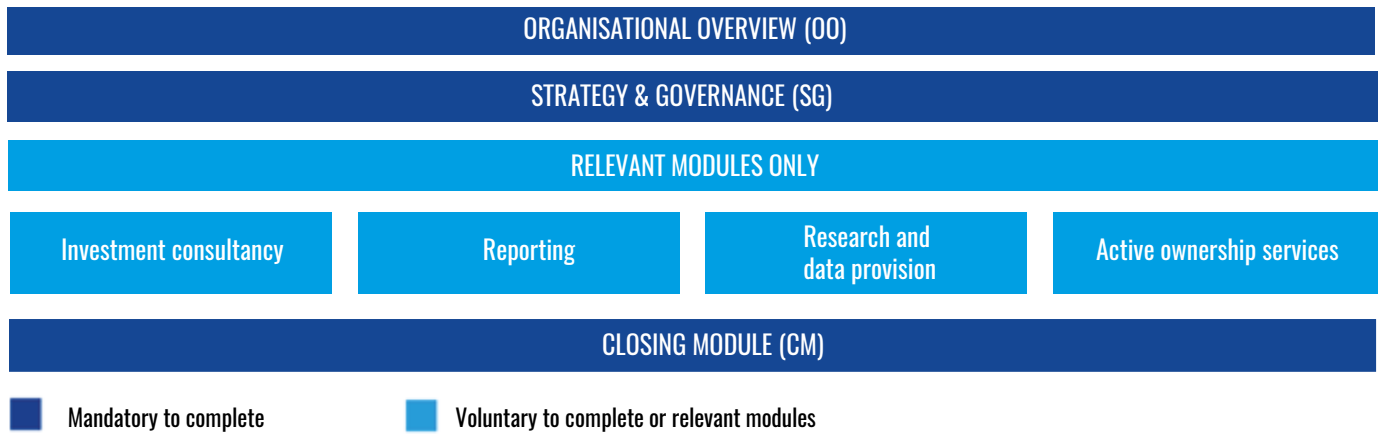


Mandatory to complete
 Voluntary to complete or Asset class specific

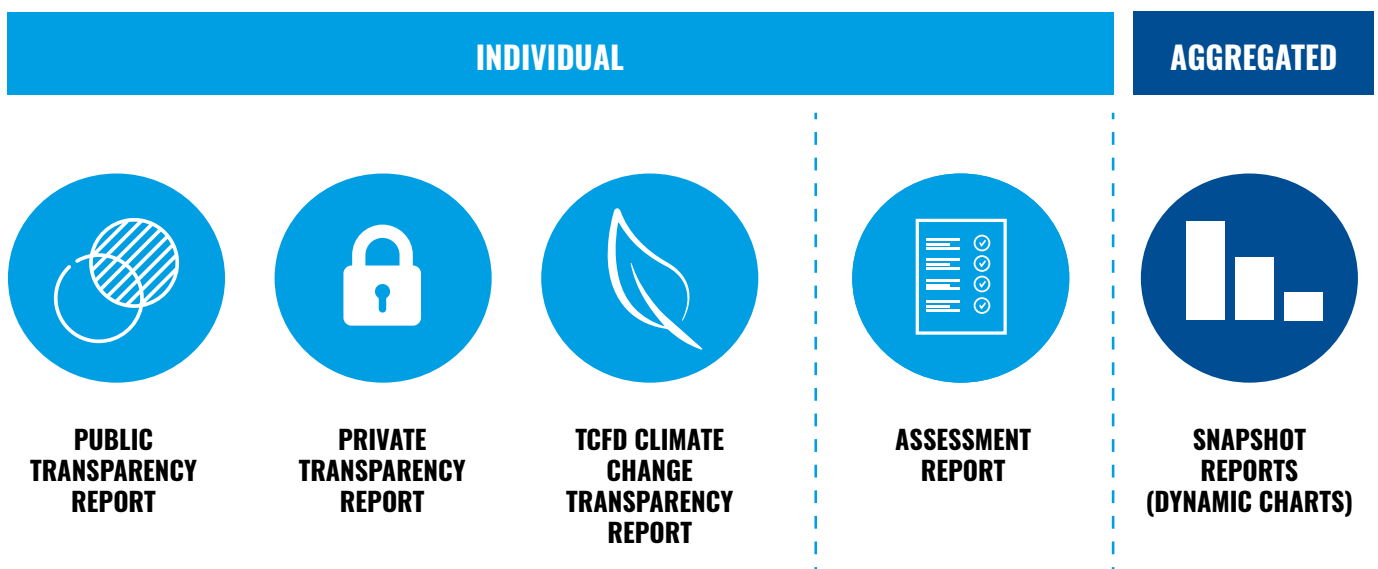
SERVICE PROVIDER REPORTING

In 2017 the PRI introduced service provider reporting and this framework is split into seven modules. Each module has a separate theme and includes a number of indicators to respond to.

All signatories complete the organisational overview, strategy & governance and closing module. The remaining modules are business specific.



OUTPUTS



For more information on the current outputs see [here](#).

5.

EVOLUTION OF RESPONSIBLE INVESTMENT

The breadth and depth of responsible investment has dramatically changed and evolved since the launch of the PRI in 2006, and the launch of the current Reporting Framework in 2012.

To mark the PRI's 10-year anniversary in 2016, we undertook a series of initiatives to review progress so far

and to create an ambitious and achievable vision for how the PRI and the wider responsible investment community should progress over the next 10 years. These activities culminated in the launch of A blueprint for responsible investment in 2017, setting the direction of our work for the 10 years ahead.

■ RESPONSIBLE INVESTORS

We will strengthen, deepen and expand our core work: to lead responsible investors in their pursuit of long-term value and to enhance alignment throughout the investment cha

- EMPOWER ASSET OWNERS
- SUPPORT INVESTORS INCORPORATING ESG ISSUES
- FOSTER A COMMUNITY OF ACTIVE OWNERS
- SHOWCASE LEADERSHIP AND INCREASE ACCOUNTABILITY
- CONVENE AND EDUCATE RESPONSIBLE INVESTORS

■ SUSTAINABLE MARKETS

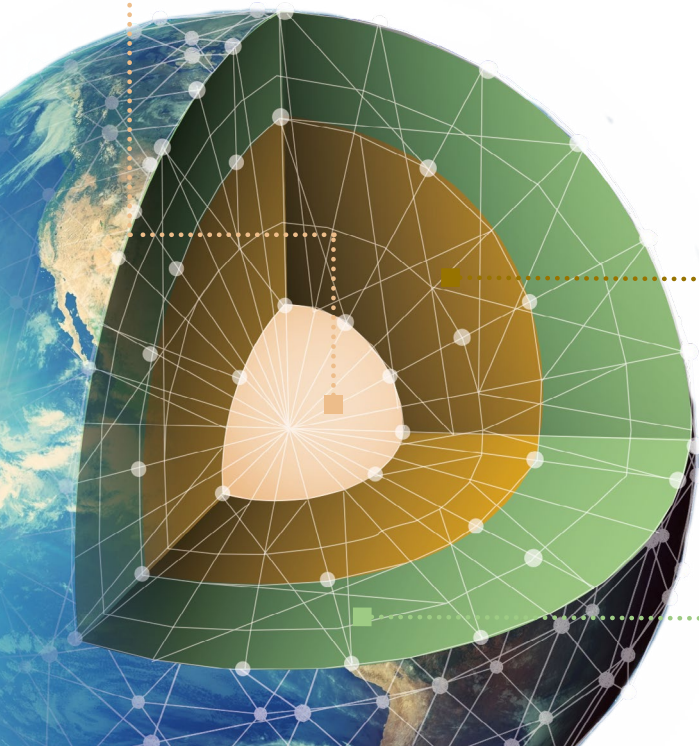
We will address unsustainable aspects of the markets that investors operate in, to achieve the economically efficient, sustainable global financial system that responsible investors and beneficiaries need.

- CHALLENGE BARRIERS TO A SUSTAINABLE FINANCIAL SYSTEM
- DRIVE MEANINGFUL DATA THROUGHOUT MARKETS

■ A PROSPEROUS WORLD FOR ALL

We will enable signatories to improve the real world – now and in the future – by encouraging investments that contribute to prosperous and inclusive societies for current and future generations.

- CHAMPION CLIMATE ACTION
- ENABLE REAL-WORLD IMPACT ALIGNED WITH THE SDGs



6.

REPORTING FRAMEWORK REVIEW

The formal consultation will exist of two elements: a signatory survey and signatory workshops.

SIGNATORY SURVEY

The survey is structured into seven parts:

1. Reporting objectives
2. Learning and progressing: signatories' responsible investment journey
3. Assessing investors' reporting framework responses
4. Reporting outputs
5. Exploring outcomes-based reporting
6. Reporting landscape
7. Supporting the reporting process

The investor and service provider surveys have tick-box and open responses. The survey is extensive and relevant not only to the individual(s) that typically complete the framework itself each year, but to individuals across signatory organisations.

- Service provider survey - To review the service provider survey see below and to complete the survey online click [here](#). **Please note that the online survey has to be completed in one session.**

The online surveys will be live until 30 April. This is a formal consultation and as part of its commitment to transparency, the PRI will publish a summary of the feedback received from signatories and full consultation responses.

WEBINARS AND WORKSHOPS

To provide a forum for further signatory discussions and feedback, the PRI will arrange workshops in various regions as well as hosting interactive webinars. The result of the survey will be a basis for these discussions. For more information on how you can participate, please visit [here](#).

TIMELINE

Signatory consultation	
March – April	Signatory survey
April – June	Signatory webinars and workshops
Signatory communication	
September	PRI in Person conference
Reporting Framework development and reform	
Post September 2019	

We will report to signatories regularly on your feedback, proposals for reform, timelines and progress. We hope to involve as many signatories as possible throughout the review and reform process.

The scale of the reform is dependent upon signatory feedback. The implications of the review will be explored with more specific groups of signatories, for example signatories with expertise in a particular asset class for further review/reform of a corresponding module.

For further questions, please email reporting@unpri.org or call the Reporting & Assessment team on +44 (0) 20 37143187.

CONSULTATION RESPONSE FORM

1. ABOUT YOUR ORGANISATION

D1. Name of your organisation:

D2. Signatory Category:

- Asset Owner Investment Manager
 Service Provider

D3. Which of the following aspects of the PRI reporting have you been involved in?

- Responsible for coordination and submitting the PRI report
 A non-signatory
 Helped collect data points and information for the PRI report
 Oversight of the reporting process and submission
 Signed off/approved the final PRI report before submission
 Helped input reporting information in the Online Reporting Tool
 A signatory and have not reported yet
 Reviewed the final PRI report before submission
 Other
 N/A – I haven't been involved in any aspects of the PRI reporting of my organisation

2. REPORTING OBJECTIVES

Q1. Indicate the level of importance that your organisation places on the following broad objectives of reporting and assessment.

Please rate each response option according to level of importance.

Enabling signatories to learn and progress on their responsible investment journey.

Providing data to understand the state of the market, and for research to advance the practices of the investment community.

Helping drive change throughout the investment chain: amongst beneficiaries, asset owners, investment managers and service providers.

Empowering asset owners to be in dialogue with investment managers and service providers, to select and monitor them based on their responsible investment credentials, and to hold them to account.

Maintaining accountability measures for the Principles and demonstrating leadership.

- Very important
 Fairly important
 Not important
 Not at all important
 Don't know

Q1A. Please provide further context to why you selected certain broad objectives as important and/or others less/not important.

The Reporting Framework consists of indicators. Indicators are question types which can be mandatory to complete, or voluntary to complete. Traditionally, the voluntary indicators have reflected more advanced RI-practices in the Reporting Framework, or practices that might not be applicable to the majority of our signatories.

Signatories' responses to these indicators also have different disclosure levels. In some cases, signatories can select whether they want to keep certain indicator responses private. These are normally the voluntary to complete indicators. The mandatory indicators are typically made public. The PRI has usually allowed signatories to keep responses private if the information might be commercially sensitive.

Q1B. Please reflect on the balance between mandatory and voluntary indicators, as well as on the disclosure level of these between public and private. How does your organisation see that these elements relate to the broad objectives of reporting and assessment listed in Q1?

3. LEARNING AND PROGRESSING: SIGNATORIES' RESPONSIBLE INVESTMENT JOURNEY

Q2. To what extent do you agree or disagree with the following statements regarding the current reporting and assessment?

Please rate each response option according to your level of agreement.

Reporting and assessment helps to distinguish and emphasize the importance and unique roles that asset owners, investment managers and service providers respectively have in the investment chain.

Reporting and assessment allows signatories to clearly showcase how they are implementing responsible investment and/or ESG practices that are considered mainstream or good practice.

Reporting and assessment enables signatories to clearly showcase leadership in responsible investment and/or ESG.

Reporting and assessment allows signatories to clearly showcase their journey through different stages of responsible investment and/or ESG progression.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

Q2A. Please provide further context to your response.

Q3. Please select the service/business areas where you have found that PRI reporting has been useful for your organisation's learning and development.

For learning about and enhancing our service areas on....

- ESG/RI/Sustainability/Financial reports or similar
- Monitoring external managers
- Selection process of external managers
- Communication
- Policy/guideline development on RI/ESG
- Investment strategy development
- Investment decision-making processes
- Post-investment/active ownership practices
- Provision of ESG research and data
- Other
- None of the above

Q3A. Why have you found the selected areas useful for your organisation's learning and development? Please explain.

4. THE REPORTING OUTPUTS: TOOLS FOR LEARNING, DRIVING CHANGE, MAINTAINING ACCOUNTABILITY, PROVIDING DATA AND EMPOWERING ASSET OWNERS

Signatories receive a number of different reporting outputs when they report to the PRI. Signatories may use these outputs for different purposes like external communication, internal decision-making or to learn from other signatories. The reporting outputs include Assessment reports, Transparency reports and other outputs that can be found in the [Data Portal](#). For more information about the reporting outputs, please click [here](#). You can learn more about the Data portal and its different functionalities [here](#).

Q4. Which PRI reporting outputs does your organisation use?

You may select multiple options.

- Climate Change Transparency reports (other signatories')
- Snapshot reports in the Data Portal
- Assessment reports (other signatories')
- Data Portal (general)
- Transparency reports (my own)
- Explore Data function in the Data Portal
- Peering scores function in the Data Portal
- My Lists function in the Data Portal
- Find a Report function in the Data Portal
- Transparency reports (other signatories')
- Other
- N/A

Q5. How useful are the PRI public and private transparency reports?

Please rate each response option according to the degree of usefulness.

For communication on our RI progress with beneficiaries

For communication on our RI progress with internal stakeholder (e.g. Board, trustees)

For including it in other public reporting documents (e.g. financial reporting, sustainability reporting)

To understand best practice

For communication on our RI progress to clients and/or the public

For identification of strengths and improvement areas in our RI-practices

For showcasing RI capabilities to potential clients

For evaluating governance structures on RI capabilities

For selection and monitoring of investment managers

To learn how other signatories are approaching RI

- Very useful
- Fairly useful
- Not that useful
- Not at all useful
- Not applicable
- Don't know

Q6. Are there any other areas that you are using, or would like to use, the PRI reporting outputs for?

Q7. Describe what a reporting output would ideally look like to ensure that it is valuable, relevant and user-friendly for your organisation, other signatories and/or other stakeholders. ('Reporting output' is an umbrella term for all the different outputs that signatories receive after reporting, such as Transparency Reports and Assessment Reports.)

You might want to consider content (the type of information that the outputs contain), design (how the information is presented), file-type (PDF, Word, Excel etc.) or similar.

5. THE REPORTING LANDSCAPE

Q8. We would like to understand the relationship of the PRI Reporting Framework with other reporting schemes to which you provide information. Does your organisation report on ESG/RI through other reporting initiatives or regulatory reporting requirements (excluding your annual financial report)?

- Yes No

Q8A. Apart from the PRI reporting, what other ESG/RI reporting do you conduct?

Q8B. Is there any overlap between the information reported to the PRI and the information used for other reporting purposes?

- Yes, a lot
 Yes, some
 Yes, a little
 No, there is no overlap
 Don't know

The PRI is exploring how meaningful data can be driven through markets, to enable investors to make investment decisions based on higher quality and more efficient ESG/RI information. This is part of the PRI's 10-year Blueprint of addressing unsustainable aspects of the markets that investors operate in.

Q9. The PRI would like to understand how reporting could evolve in the long-term to address these needs. Please share what your thoughts are on the future of RI-reporting for the next 5+ years.

For example, you may wish to consider how RI-reporting could become mainstream, whether it should be in regulation, standardised, conducted through integrated reporting or similar/other views.

6. SUPPORTING THE REPORTING PROCESS

Q10. What should the PRI prioritise, if anything, to support the reporting process?

You may select a maximum of three responses.

- Guidance and tools to understand how to prepare and organise internally prior to the reporting cycle starting
- Guidance on how the Reporting Framework logic works
- Guidance and case examples linked with assessment results
- Improve technical features within the Online Reporting Tool (for example downloadable files, different input methods to submit, means for easier collaboration on reporting between colleagues)
- Guidance on how the Reporting Framework assessment methodology works
- Develop and share an advanced schedule of changes to the Reporting Framework
- Guidance to understand how to use the Online Reporting Tool (e.g. live demonstrations, video tutorials or similar)
- Other suggestions

Q10A. You said _____, please provide more detail about how this would help your organisation.

Q11. If you consider the effort that it takes to report, do you feel that your organisation, as a whole, gets sufficient value from the reporting process? Please explain.

Q12. Please add any final comments to your survey response that have not been addressed so far, and that can add further insight into how the PRI could develop Reporting and Assessment.

The Principles for Responsible Investment (PRI) Initiative

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: www.unpri.org



The PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org



UN Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

More information: www.unglobalcompact.org

