



PRI REPORTING FRAMEWORK 2019

Direct — Listed Equity Incorporation

November 2018

reporting@unpri.org

+44 (0) 20 3714 3187

PRI Association

Registered office: 5th floor, 25 Camperdown Street
London, UK, E1 8DZ Company no. 7207947
T: +44 (0) 20 3714 3220 W: www.unpri.org E: info@unpri.org



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

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), the purpose of the indicator and which PRI Principle it relates to.

xxx 01	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 2
--------	--------------------------------------	---------------------------------	---------------------------

Indicator status






MANDATORY
MANDATORY TO REPORT VOLUNTARY TO DISCLOSE
VOLUNTARY

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.
Peering		These indicators are used to determine your peer groups for assessment purposes.
Core assessed		These indicators form the core of the assessment and represent the majority of your final assessment score.
Additional assessed		These indicators represent more advanced or alternative practices and contribute to a smaller part of your score.
Descriptive		These are open-ended narrative indicators, allowing you to describe your activities.

Underneath the indicator

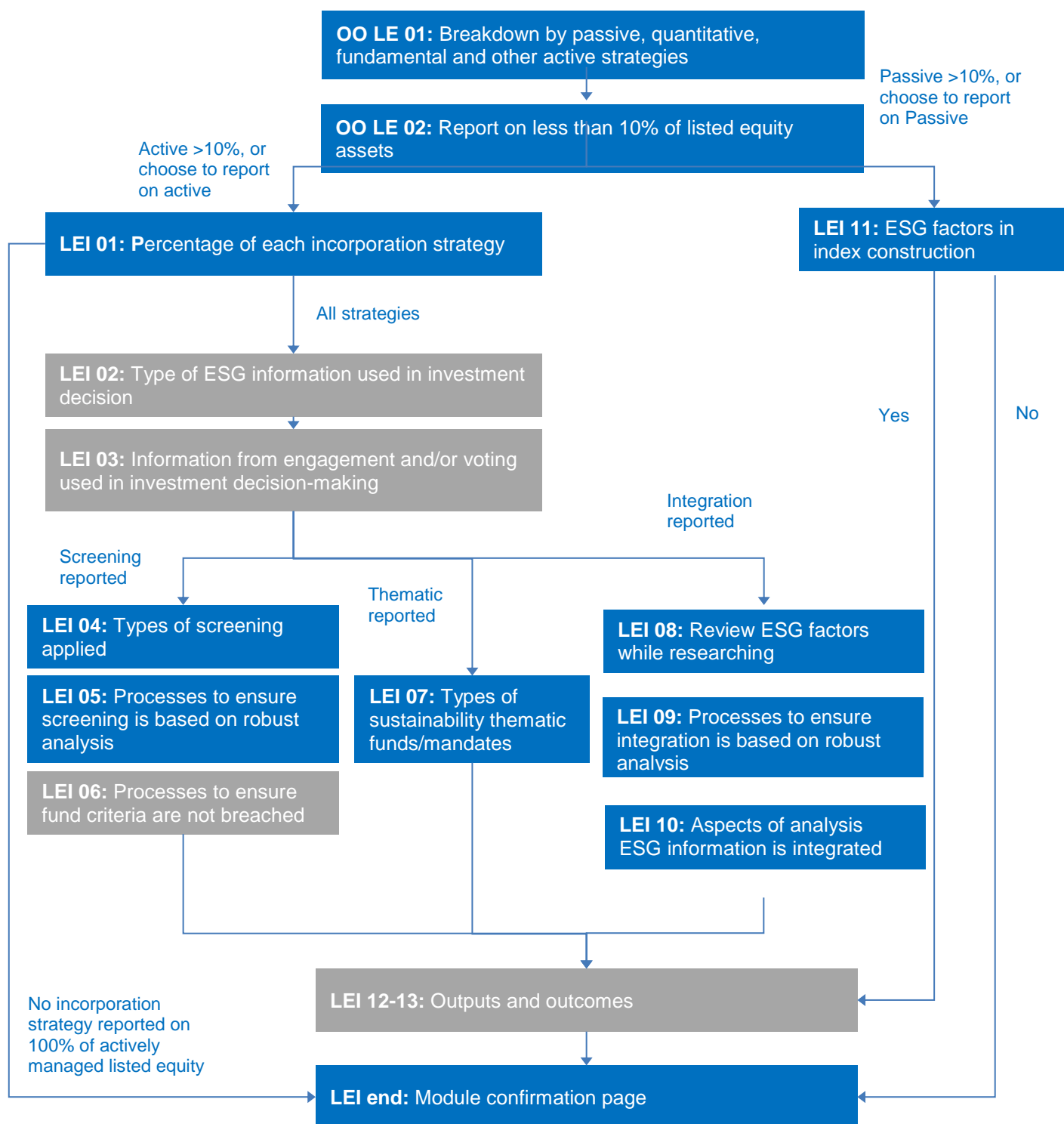
Underneath the indicator, you can find the explanatory notes and definitions that include important information about interpreting and completing the indicators. Read the logic box to make sure an indicator is applicable to you.

xxx 01	EXPLANATORY NOTES
xxx 01.1	This provides guidance on how to interpret the sub-indicators, including examples of what could be reported.
xxx 01.2	
LOGIC	
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.
ASSESSMENT	
xxx 01	This provides a brief overview of the pilot assessment approach for this indicator.
xxx 01	DEFINITIONS
xxx 01	Specific terms used in the indicator are defined here.

Table of Contents

Understanding this document	2
Pathways through the module	4
Preface	5
ESG incorporation in actively managed listed equities	6
A) Implementation: Screening	14
B) Implementation: Thematic	19
C) Implementation: Integration	20
ESG incorporation in passively managed listed equities	26
Outputs and outcomes	28

Pathways through the module



Preface

The information reported in this module will enable your stakeholders to understand how your organisation incorporates ESG factors into your internally managed listed equity holdings.

This module has distinct sections for active and passive investors which will be triggered by your response in [OO LE 01].

Summary of updates

2018 Indicator	Update summary
LEI 02	Sub-indicators have been removed or renumbered.
LEI 04	A sub-indicator has been reworded.
LEI 05	New option has been added to a sub-indicator.
LEI 09	New option has been added to a sub-indicator.
LEI 10	Sub-indicators have been added, new options have been added and have been reworded.
LEI 12	New option has been added to a sub-indicator.
LEI 14	Indicator has been renumbered to LEI 13.

To view a detailed summary of changes to the module, please click [here](#).

For any word limit in the module, please click [here](#).

SECTION

ESG incorporation in actively managed listed equities

IMPLEMENTATION PROCESS

LEI 01	Indicator status MANDATORY	Purpose GATEWAY	Principle PRI 1
--------	-------------------------------	--------------------	--------------------

LEI 01	INDICATOR	
LEI 01.1	Indicate <ul style="list-style-type: none"> which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies. 	
	ESG incorporation strategy (select all that apply)	Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%
	<input type="checkbox"/> Screening alone (i.e. not combined with any other strategies)	<input type="text"/> %
	<input type="checkbox"/> Thematic alone (i.e., not combined with any other strategies)	<input type="text"/> %
	<input type="checkbox"/> Integration alone (i.e., not combined with any other strategies)	<input type="text"/> %
	<input type="checkbox"/> Screening and integration strategies	<input type="text"/> %
	<input type="checkbox"/> Thematic and integration strategies	<input type="text"/> %
	<input type="checkbox"/> Screening and thematic strategies	<input type="text"/> %
	<input type="checkbox"/> All three strategies combined	<input type="text"/> %
	<input type="checkbox"/> We do not apply incorporation strategies	<input type="text"/> %
	Total actively managed listed equities	100%
LEI 01.2	Describe your organisation's approach to ESG incorporation and the reasons for choosing the particular strategy/strategies. [1000 words]	
LEI 01.3	If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [OPTIONAL] [1000 words]	

LEI 01	EXPLANATORY NOTES
LEI 01	<p>The indicator [LEI 01.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.</p> <p>To find out more on how your peers have responded on this practice, view our analysis and visualisation in the listed equity incorporation interactive data report available on the Data Portal and the PRI website.</p>
LEI 01.1	<p>Under Principle 1, signatories must incorporate ESG factors into investment analysis and decision-making processes. See the definitions below for details about the three strategies described here. The purpose of this indicator is to allow you to demonstrate the proportions of your listed equity assets covered by different approaches in implementing this principle. There are many different ways this can be done. The options provided are designed to allow you to reflect your particular approach as faithfully as possible. This indicator will also determine whether you see more detailed indicators on the individual strategies. Please select the strategy that most closely matches your approach.</p> <p>If you apply two strategies to the same assets, please select the relevant combination options. For example, you may apply screening for only 5% of your assets, and for the remainder a combination of screening and integration. In these cases, you would report 'Screening alone' for 5% and 'Screening and Integration strategies' for the remaining 95%.</p> <p>If you do not apply any incorporation approach, and the option 'We do not apply incorporation strategies' accounts for 100% of your listed equity assets, you will not need to report further in the actively managed listed equity section of this module.</p>
LEI 01.2	<p>The indicator allows you to provide a broad overview of how your organisation takes into account ESG factors in listed equity investment. Please describe the activities, strategies and processes used. Subsequent indicators ask for specific information on the coverage of these strategies and allow you to provide specific information on how these are implemented.</p> <p>This indicator may include a discussion of:</p> <ul style="list-style-type: none"> the main ESG strategies that you use, and the motivation for their use; who is responsible for the implementation of these strategies; and/or how your ESG incorporation strategies differ (e.g., by geography, sector, etc.). how combinations of strategies are used (if applicable)
LOGIC	
LEI 01	<p>[LEI 01] is triggered if you report in the Organisational Overview module in [OO LE 01.1] that you have "Active - quantitative" or "Active - fundamental" strategies.</p> <ul style="list-style-type: none"> If this OO LE 01.1 figure is under 10%, you must select "Yes" under "Report on strategy" in OO LE 02.1 <p>[LEI 11 – 13] are triggered if your report in Organisational Overview module in [OO LE 01.1] that you have "Passive" strategies.</p> <p>If screening, thematic and/or integration strategies are reported, LEI 02 – 03 and LEI 12 - 13 will be applicable and a range of indicators, LEI 04 to LEI 10 will be applicable.</p> <p>Based on the strategy options reported the following logic will then apply:</p> <ul style="list-style-type: none"> 'Screening alone' selected: triggers the 'Implementation: Screening' section [LEI 04 - LEI 06]. 'Thematic alone': triggers the 'Implementation: Sustainability themed investing' section [LEI 07]. 'Integration alone': triggers the 'Implementation: Integration of ESG factors' section [LEI 08-10]. 'Screening plus Integration': triggers 'Implementation Screening' section [LEI 04 - LEI 06] and 'Implementation: Integration of ESG factors' section [LEI 08 - LEI 10]. 'Thematic plus Integration': triggers the Implementation: Sustainability themed investing' section' [LEI 07] and 'Implementation: Integration of ESG factors' section [LEI 08 - LEI 10]. 'Screening plus Thematic': triggers the 'Implementation Screening' section [LEI 04 - LEI 06] and the 'Implementation: Sustainability themed investing' section' [LEI 07]. 'All three strategies': triggers all three sections [LEI 04 - LEI 10].

	<ul style="list-style-type: none"> • If 'No incorporation strategies applied' to 100% of your actively managed listed equities, indicators [LEI 02 - LEI 13] will not be applicable. <p>[LEI 01.2] will not be applicable if "We do not apply incorporation strategies" is 100% in [LEI 01.1]</p>
ASSESSMENT	
LEI 01	<p>This indicator is not directly assessed, but your response in [LEI 01.1] will contribute to how your aggregated LEI score is calculated. Your aggregated LEI score will be based on your 'primary' incorporation strategy. This will be based on the percentage of assets each incorporation strategy is applied to in [01]. You can achieve the top level with any of the three strategies (screening, thematic or integration) or any combination. You will also receive a separate score for each incorporation strategy you employ in your assessment report. All relevant assessed indicators will be included in your module scorecard.</p>

LEI 01	DEFINITIONS
<p>Incorporation of ESG factors into investment analysis and decision-making processes is covered in Principle 1 of the PRI. Throughout the Reporting Framework, we refer to ESG incorporation as the review and use of ESG information in the investment decision-making process.</p> <p>The Reporting Framework addresses four ways in which ESG incorporation can be done:</p> <ol style="list-style-type: none"> 1. screening; 2. sustainability themed investment (also referred to as environmentally and socially themed investment); 3. integration; and/or 4. a combination of the above. <p>Assets subject to an engagement approach only and not subject to any of the above strategies should not be included in ESG incorporation.</p> <p>To improve standardisation and communication in the responsible investment industry, the PRI has aligned its definitions with those of the Global Sustainable Investment Alliance. These are presented below for convenience.</p>	
Screening of investments	<p>The definitions of the three types of screening in the Reporting Framework are:</p> <ol style="list-style-type: none"> a. negative/exclusionary screening: The exclusion from a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria; b. positive/best-in-class screening: Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers; c. norms-based screening: Screening of investments against minimum standards of business practice based on international norms. Norms-based screening involves either: <ol style="list-style-type: none"> 1. defining the investment universe based on investees' performance on international norms related to responsible investment/ESG factors; or 2. excluding investees from portfolios after investment if they are found following research, and sometimes engagement, to contravene these norms. Such norms include but are not limited to the UN Global Compact Principles, the Universal Declaration of Human Rights, International Labour Organization standards, the United Nations Convention Against Corruption and the OECD Guidelines for Multinational Enterprises.
Sustainability themed investment	Investment in themes or assets specifically related to sustainability (for example, clean energy, green technology or sustainable agriculture).
Integration of ESG factors	<p>The systematic and explicit inclusion by investment managers of environmental, social and governance factors into traditional financial analysis. For guidance and case studies on ESG integration refer to the PRI's Practical Guide to ESG Integration for Equity Investing and the Guidance and Case Studies for ESG Integration: Equities and Fixed Income.</p>
For further detail on these definitions, please see separate Main Definitions document.	

LEI 02	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 1
--------	-------------------------------	--------------------------------	--------------------

LEI 02	INDICATOR	
LEI 02.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.	
	Type of ESG information	Indicate who provides this information
	<input type="checkbox"/> Raw ESG company data	<input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house—specialised ESG analyst or team <input type="checkbox"/> In-house—analyst or portfolio manager
	<input type="checkbox"/> Company-related analysis or ratings	<input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house—specialised ESG analyst or team <input type="checkbox"/> In-house—analyst or portfolio manager
	<input type="checkbox"/> Sector-related analysis or ratings	<input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house—specialised ESG analyst or team <input type="checkbox"/> In-house—analyst or portfolio manager
	<input type="checkbox"/> Country-related analysis or ratings	<input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house—specialised ESG analyst or team <input type="checkbox"/> In-house—analyst or portfolio manager
	<input type="checkbox"/> Screened stock list	<input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house—specialised ESG analyst or team <input type="checkbox"/> In-house—analyst or portfolio manager
	<input type="checkbox"/> ESG issue-specific analysis or ratings	<input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house—specialised ESG analyst or team <input type="checkbox"/> In-house—analyst or portfolio manager
	<input type="checkbox"/> Other; specify _____	<input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house—specialised ESG analyst or team <input type="checkbox"/> In-house—analyst or portfolio manager
LEI 02.2	Indicate whether you incentivise brokers to provide ESG research.	
	<input type="radio"/> Yes	<input type="radio"/> No
	Describe how you incentivise brokers.	

LEI 02.3	[200 words]
LEI 02.4	Additional information [OPTIONAL]

LEI 02	EXPLANATORY NOTES
LEI 02.1	<p>The purpose of this indicator is to allow you to report what type of ESG information contributes to your investment decisions. It also allows you to highlight the sources of this information. For example, some investors may use ESG data obtained from specialist research providers directly. Others may conduct their own in-house research to supplement research purchased from third parties and use this amended research in their investment process. Others may be doing both. (Note that you will be able to describe the quality of this research and how it is used in your investment process in later indicators of this module.)</p> <p>Different possible sources:</p> <ul style="list-style-type: none"> • raw ESG company data: data on companies' ESG performance as provided by the companies prior to any analysis or aggregation; • company-related ESG analysis or ratings: analysis or aggregation of information on company ESG performance, risks or opportunities. These may be represented as a rating percentage or another metric, for example, letters; • sector-related ESG analysis or ratings: analysis or aggregation of ESG performance, risks or opportunities related to a particular industry sectors such as the food and beverage sector; • country-related ESG analysis or ratings: analysis or aggregation of ESG laws, policies, norms, performance, risks and/or opportunities related to individual countries; • screened stock list: a list of stocks that composes the acceptable universe from which to construct a screened portfolio; and/or • issue-specific ESG analysis or ratings: may be analysis of a single issue (e.g., human rights) or a trend or theme such as climate change.
LEI 02.2	The application of an incentive system with third-party providers (such as brokers) is viewed as an influential way to promote ESG factors. The financial quantification of ESG services and their quality encourages attention to ESG factors and enables more dedicated resources.
LEI 02.3	<p>In this indicator, you might also wish to describe the actions you take to stimulate ESG research. For example, you could describe if:</p> <p>you identify ESG factors and suggest brokers or other investment research providers look into them;</p> <p>your broker evaluation processes (which determines how you allocate commissions to brokers) include an ESG component; and/or</p> <p>you have a budget for purchasing broker research on ESG factors.</p>

LOGIC	
LEI 02	[LEI 02.3] will be applicable if you report 'Yes' in [LEI 02.2].
ASSESSMENT	
LEI 02	Maximum score: Three ★

	The assessment of this indicator is based on responses to [02.1].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	None	○	
	One type of ESG information	★	
	Two types of ESG information OR One type of information and brokers are incentivised on ESG related research	★ ★	
	Three or more types of ESG information OR Two types of information and brokers are incentivised on ESG research	★ ★ ★	

LEI 03	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 1
--------	-------------------------------	--------------------------------	--------------------

LEI 03	INDICATOR	
LEI 03.1	Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.	
	Engagement	<input type="radio"/> We have a systematic process to ensure the information is made available. <input type="radio"/> We occasionally make this information available. <input type="radio"/> We do not make this information available.
	(Proxy) voting	<input type="radio"/> We have a systematic process to ensure the information is made available. <input type="radio"/> We occasionally make this information available. <input type="radio"/> We do not make this information available.
LEI 03.2	Additional information	

LEI 03	EXPLANATORY NOTES
LEI 03	This indicator [LEI 03.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.
LEI 03.1	<p>This indicator allows you to explain whether you have a formal process through which information derived from ESG engagement and/or voting activities is used in investment decision-making and whether information derived from engagement is shared with your internal or external investment managers (i.e., to link PRI Principle 2 and Principle 1).</p> <p>Select 'We have a systematic process to ensure the information is made available' if you have a formal system or process to make engagement and voting information available to investment decision-makers for all relevant funds. In most cases, this will apply to fundamental stock-picking funds. The implication is not, however, that all engagement and voting activities will always influence investment decision-making.</p> <p>Select 'We occasionally make this information available' if the information derived from engagement and voting activities is used sometimes and/or in varying ways by different individuals or funds, i.e., there is no systematic process for all funds.</p> <p>Engagement refers to interactions that you may have with investees for influence in relation to ESG factors. Voting activities refer to the full range of activities around (proxy) voting, including company research, the views of other investors, voting decisions and the company's responses and actions.</p>
LOGIC	
LEI 03	<p>The "Engagement" section in [LEI 03.1] is triggered in OO 10.1 "Listed equity - engagement" row, if you select 'We engage with companies on ESG factors via our staff, collaborations or service providers'.</p> <p>The "(Proxy) voting" section in [LEI 03.1] is triggered in OO 10.1 "Listed equity - voting" row, if you select 'We cast our (proxy) votes directly or via dedicated voting providers'.</p>

ASSESSMENT			
LEI 03	Maximum score: Three ★		
	The assessment of this indicator looks at the information derived from both engagements and (proxy) voting being made available for investment decision-making.		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	'No' in both engagement and voting	○	
	Either engagement or voting information used occasionally	★	
	Both engagement and voting information used occasionally	★★	
	Either engagement or voting information made available systematically	★★★	

IMPLEMENTATION PROCESS

➤

A) Implementation: Screening

LEI 04	Indicator status MANDATORY	Purpose DESCRIPTIVE	Principle PRI 1
--------	-------------------------------	------------------------	--------------------

LEI 04	INDICATOR		
LEI 04.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.		
	Type of screening	Screened by	Description
	Negative/exclusionary screening	<input type="checkbox"/> Product <input type="checkbox"/> Activity <input type="checkbox"/> Sector <input type="checkbox"/> Country/geographic region <input type="checkbox"/> Environmental and social practices and performance <input type="checkbox"/> Corporate governance	[Free text; 500 words]
	Positive/best-in-class screening	<input type="checkbox"/> Product <input type="checkbox"/> Activity <input type="checkbox"/> Sector <input type="checkbox"/> Country/geographic region <input type="checkbox"/> Environmental and social practices and performance <input type="checkbox"/> Corporate governance	[Free text; 500 words]
	Norms-based screening	<input type="checkbox"/> UN Global Compact Principles <input type="checkbox"/> The UN Guiding Principles on Business and Human Rights <input type="checkbox"/> International Labour Organization Conventions <input type="checkbox"/> United Nations Convention Against Corruption <input type="checkbox"/> OECD Guidelines for Multinational Enterprises <input type="checkbox"/> Other; specify _____	[Free text; 500 words]
LEI 04.2	Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.		
	[500 words]		

LEI 04	EXPLANATORY NOTES
LEI 04	The indicator [LEI 04.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.
LEI 04.1	<p>Description boxes: Describe which ESG screens are used, for which funds (i.e., one screen applied to all funds and/or multiple screens applied to different funds) and whether they are used in combination with other screens.</p> <p>Screening can be based on:</p> <ul style="list-style-type: none"> • products—e.g., specified weapons, tobacco; • activities—e.g., specific products within a sector that is not in itself excluded such as uranium mining; • sectors—e.g., oil and gas, mining; • countries/geographic regions—e.g., Sudan, Iran; • environmental and social practices and performance—e.g., child labour, environmental damage, sustainability reporting; or • corporate governance—e.g., excessive executive remuneration, non-independent boards.
LEI 04.2	Your description may include how you notify your clients/beneficiaries, whether notification occurs pre or post changes and a description of the time frame.

LEI 04	DEFINITIONS
For the definition of this strategy, please see the Main Definitions document.	

LEI 05	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 1
--------	--------------------------------------	---------------------------------	---------------------------


LEI 05	INDICATOR
LEI 05.1	<p>Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products. <input type="checkbox"/> Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies. <input type="checkbox"/> External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar. <input type="checkbox"/> Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies. <input type="checkbox"/> Trading platforms blocking / restricting flagged securities on the black list <input type="checkbox"/> A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions. <input type="checkbox"/> A periodic review of internal research is carried out. <input type="checkbox"/> Review and evaluation of external research providers. <input type="checkbox"/> Other; specify _____ <input type="checkbox"/> None of the above
	<p>Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.</p> <p><input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%</p>
LEI 05.3	<p>Indicate how frequently third party ESG ratings are updated for screening purposes.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Bi-Annually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually
LEI 05.4	<p>Indicate how frequently you review internal research that builds your ESG screens.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Bi-Annually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually
LEI 05.5	<p>Additional information</p> <p>[OPTIONAL]</p> <p>[1000 words]</p>

LEI 05	EXPLANATORY NOTES		
LEI 05	<p>The indicator [LEI 05.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.</p> <p>To find out more on how your peers have responded on this practice, view our analysis and visualisation in the listed equity incorporation interactive data report available on the Data Portal and the PRI website</p>		
LEI 05.1	‘Trading platforms blocking / restricting flagged securities on the black list’ refers to trading platform software that either blocks or restricts placing trades or monitoring accounts to ensure buy decisions do not breach internal policies, internal blacklists, etc..		
LOGIC			
LEI 05	<p>[LEI 05.2] will be applicable if you report ‘Comprehensive ESG research is undertaken or sourced to determine companies’ activities and products’ in [LEI 05.1].</p> <p>[LEI 05.3] will be applicable if you report ‘Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies’ in [LEI 05.1].</p> <p>[LEI 05.4] will be applicable if you report ‘A periodic review of internal research is carried out’ activities and products’ in [LEI 05.1].</p>		
ASSESSMENT			
LEI 05.1	Maximum score: Three ★		
	The assessment of this indicator is based on your responses to [05.1].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	‘None of the above’	○	
	One selection	★	
	Two selections	★★	
LEI 05.1	Three or more selections	★★★	


LEI 06	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 1
--------	-------------------------------	--------------------------------	--------------------

LEI 06	INDICATOR
LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached.
	<input type="checkbox"/> Systematic checks are performed to ensure that stocks meet the fund's screening criteria
	<input type="checkbox"/> Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
	<input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit function.
	<input type="checkbox"/> Periodic auditing/checking of the organisations RI funds by external party
	<input type="checkbox"/> Other; specify _____
LEI 06.2	<input type="checkbox"/> None of the above.
	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.
LEI 06.3	[1000 words]
	Additional information [OPTIONAL]

LEI 06	EXPLANATORY NOTES		
LEI 06.2	Breaches of fund screening criteria refer to occasions when stocks that should have been excluded are bought.		
	<i>Systematic</i> Systematic processes are a planned, routine part of your processes. This may include sampling or spot-checking that is conducted according to a pre-set plan.		
ASSESSMENT			
LEI 06	Maximum score: Three ★		
	The assessment of this indicator is based on your responses to [06.1].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	'None of the above'	○	
	One selection	★	
	Two selections	★★	
Three or more selections	★★★		



IMPLEMENTATION PROCESS



B) Implementation: Thematic

LEI 07	Indicator status MANDATORY	Purpose DESCRIPTIVE	Principle PRI 1
--------	--------------------------------------	-------------------------------	---------------------------

LEI 07	INDICATOR
	Indicate the type of sustainability thematic funds or mandates your organisation manages.
LEI 07.1	<input type="checkbox"/> Environmentally themed funds <input type="checkbox"/> Socially themed funds <input type="checkbox"/> Combination of themes
LEI 07.2	Describe your organisation's processes relating to sustainability themed funds. [OPTIONAL] [1000 words]

LEI 07	EXPLANATORY NOTES
LEI 07	<p>Thematic investing is one of the three approaches to ESG incorporation and demonstrates the implementation of PRI Principle 1 in listed equity covered by this Reporting Framework.</p> <p>A voluntary indicator on thematic investing across asset classes is included in the Strategy and Governance (SG) module. There will therefore be some overlap between this indicator and voluntary indicator SG 13. However, please focus here on reporting on your listed equity themes and provide additional information only if not covered in SG.</p> <p>If integrated ESG analysis is used to select stocks or other investments (i.e., taking into account the ESG and financial performance of individual companies) or ESG screens are used to exclude stocks, this will be captured in other sections of this module and should not be reported here.</p>
LEI 07.1	This indicator aims to capture the predominant theme of the fund, e.g., a climate change fund (environmental) or health-care fund (social). If a fund is based on a combination of sustainability factors and trends with no single dominant theme, select 'combination of themes'.
LEI 07.2	<p>In this indicator, you should describe your organisation's process. This may include discussions of:</p> <ul style="list-style-type: none"> • how these themes are defined; • whether the application/interpretation of the themes differs by sector or by geographic region; and/or • the other factors you consider in your investment process and how the thematic elements relate to the overall process (e.g., are there minimum requirements that all stocks must meet to be considered for investment?).

LEI 07	DEFINITIONS
	For definition of this strategy, please see separate Main Definitions document.

IMPLEMENTATION PROCESS

C) Implementation: Integration

LEI 08	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 1
--------	-------------------------------	--------------------------	--------------------

LEI 08	INDICATOR	
LEI 08.1	Indicate the ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis.	
	ESG factors	Proportion impacted by analysis
	<input type="radio"/> Environmental	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="radio"/> Social	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="radio"/> Corporate Governance	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
LEI 08.2	Additional information [OPTIONAL]	
	[200 words]	

LEI 08	EXPLANATORY NOTES		
LEI 08	<p>The purpose of this indicator is to allow you to indicate whether you systematically research ESG factors in all cases, as opposed to, for example, researching corporate governance in all cases but researching environmental or social factors only in certain cases and to what degree this research impacts your actively managed listed equity portfolio. ESG factors differ in their relevance and materiality across companies, sectors and markets. This indicator does not relate to your final judgements about relevance or materiality, but to the scope of your research processes.</p> <p>All percentages should represent the percentage of the total value of your listed equity holdings that are impacted by each ESG factor.</p> <p>Systematic processes review the relevance of ESG factors across different sectors, markets, strategies and factors. Typically, these are a planned, routine part of your investment process for all relevant staff.</p>		
	ASSESSMENT		
LEI 08	Maximum score: Three ★ This indicator assesses if your organisation systematically reviews E, S and G factors.		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	Three ESG factors or less at <10%	○	
	Two ESG factors at 10-50%	★	
	Three ESG factors at 10-50% OR Two ESG factors(s) at 51-90%	★★	
	One ESG factor at >90% and two ESG factors at 51-90%	★★★	

LEI 09	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 1
--------	--------------------------------------	---------------------------------	---------------------------

LEI 09	INDICATOR
LEI 09.1	<p>Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products. <input type="checkbox"/> Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies. <input type="checkbox"/> Third-party ESG ratings are updated regularly. <input type="checkbox"/> A periodic review of the internal research is carried out. <input type="checkbox"/> Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team <input type="checkbox"/> ESG risk profile of a portfolio against benchmark <input type="checkbox"/> Analysis of the impact of ESG factors on investment risk and return performance <input type="checkbox"/> Other; specify _____ <input type="checkbox"/> None of the above
LEI 09.2	<p>Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.</p> <p><input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%</p>
LEI 09.3	<p>Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Bi-Annually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually
LEI 09.4	<p>Indicate how frequently you review internal research that builds your ESG integration strategy.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Bi-Annually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually
LEI 09.5	<p>Describe how ESG information is held and used by your portfolio managers.</p> <ul style="list-style-type: none"> <input type="checkbox"/> ESG information is held within centralised databases or tools, and it is accessible by all relevant staff. <input type="checkbox"/> ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff. <input type="checkbox"/> Systematic records are kept that capture how ESG information and research were incorporated into investment decisions. <input type="checkbox"/> Other; specify _____ <input type="checkbox"/> None of the above

LEI 09.6	Additional information
	[OPTIONAL]

LEI 09	EXPLANATORY NOTES		
LEI 09	The purpose of this indicator is to allow you to describe the quality and management of your ESG information. The indicator does not differentiate between ESG information produced internally and provided via research providers. For guidance and case studies on structuring investment processes refer to chapter 4 of the PRI's ESG Integration publication .		
LEI 09.1	<p>This sub-indicator allows you to describe the quality of your research used for ESG integration purposes. Some investors use the same sources of research for both their screening and integration strategies. If this is the case, your responses here will be identical to those you provide in LEI 07. In the 'Other' category, you may reference, e.g., (macro) economic factors or industry/sector analysis.</p> <p>To find out more on how your peers have responded on this practice, view our analysis and visualisation in the listed equity incorporation interactive data report available on the Data Portal and the PRI website</p>		
LEI 09.5	<p>This sub-indicator allows you to highlight how you ensure that ESG information contributes to your investment decisions. Describe any additional steps you take that are not highlighted by the indicator options.</p> <p>The term systematic should be interpreted to mean a planned, routine part of your investment process for all relevant staff.</p>		
LOGIC			
LEI 09	<p>Within indicator</p> <p>[LEI 09.2] will be applicable if you report 'Comprehensive ESG research is undertaken or sourced to determine companies' activities and products' in [LEI 09.1].</p> <p>[LEI 09.3] will be applicable if you report 'Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies' in [LEI 09.1].</p> <p>[LEI 09.4] will be applicable if you report 'A periodic review of internal research is carried out' activities and products' in [LEI 09.1].</p>		
ASSESSMENT			
LEI 09.1	Maximum score: Three ★		
	The assessment will be based on the response to [09.1] and is a core assessed indicator.		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	'None of the above'	○	
	One selection	★	
	Two selections	★★	
	Three or more selections	★★★	

LEI 10	Indicator status MANDATORY TO REPORT, VOLUNTARY TO DISCLOSE	Purpose CORE ASSESSED	Principle PRI 1
--------	---	--------------------------	--------------------

LEI 10	INDICATOR	
LEI 10.1	Indicate which aspects of investment analysis you integrate material ESG information into.	
	Investment analysis	Proportion of actively managed listed equity exposed to investment analysis
	<input type="checkbox"/> Economic analysis	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="checkbox"/> Industry analysis	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="checkbox"/> Quality of management	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="checkbox"/> Analysis of company strategy	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="checkbox"/> Portfolio weighting	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="checkbox"/> Security sensitivity and/or scenario analysis	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="checkbox"/> Fair value/fundamental analysis	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
	<input type="checkbox"/> Other; specify_____	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
LEI 10.2	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.	
	<input type="checkbox"/> Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows) <input type="checkbox"/> Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)) <input type="checkbox"/> Valuation multiples <input type="checkbox"/> Other adjustments; specify_____	
LEI 10.3	Describe how you integrate ESG information into your portfolio weighting.	
	[200 words]	
LEI 10.4	Describe the methods you have used to adjust the income forecast/valuation tool.	
	[200 words]	
LEI 10.5	Describe how you apply sensitivity and /or scenario analysis to security valuations.	
	[200 words]	
LEI 10.6	Additional information [OPTIONAL]	
	[200 words]	

LEI 10	EXPLANATORY NOTES		
LEI 10	<p>The indicator [LEI 10.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.</p> <p>The purpose of this indicator is to allow you to describe how and to what degree you internally use ESG information in investment analysis and decision-making. For guidance and case studies refer to chapter 1 of the PRI's ESG Integration publication and the Guidance and case studies for ESG integration: equities and fixed income</p> <p>In this indicator, portfolio weighting refers to changes in the construction of your portfolio due to ESG integration, i.e., underweighting or overweighting certain sectors due to ESG risk. It should not be confused with screening, which should be reported in indicators [LEI 05], [LEI 06] and [LEI 07].</p> <p>To find out more on how your peers have responded on this practice, view our analysis and visualisation in the listed equity incorporation interactive data report available on the Data Portal and the PRI website</p>		
LOGIC			
LEI 10	<p>Within indicator</p> <p>[LEI 10.2] and [LEI 10.4] are applicable if you report 'Fair value/fundamental analysis' in [LEI 10.1].</p> <p>[LEI 10.3] is applicable if you report 'Portfolio weighting in [LEI 10.1].</p> <p>[LEI 10.5] is applicable if you report 'Sensitivity and/or scenario analysis' in [LEI 10.1].</p>		
ASSESSMENT			
LEI 10	<p>Maximum score: Three ★</p> <p>The assessment of this indicator is based on your responses to [10.1].</p>		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	No response selected OR one option any proportion OR two options less than 50%	○	
	Two options more than 51%	★	
	At least three options more than 11% – one of which is "Portfolio weightings" and/or "Fair value analysis"	★★	
	Three or more options more than 51%– one of which is "Portfolio weightings" and/or "Fair value analysis"	★★★	

LEI 10	Definitions
Economic analysis	This analysis involves assessing how political, fiscal, monetary, market and ESG factors affect the economy. Some factors that can affect an economy are: climate change; water scarcity; corruption; government policies; inflation; interest rates; unemployment; etc.
Industry analysis	This analysis involves assessing how political, regulatory, market and ESG factors affect an industry. Some factors that can affect an industry are: availability of resources; cyber security; supply chain standards; supply and demand; global, national and local regulation; etc.
Quality of management	The analysis involves assessing a company's corporate governance and its management of the impact of its operations on the environment and society. For example, management of carbon footprint, diversity, culture, executive pay.
Analysis of company strategy	The analysis involves assessing how political, regulatory, market and ESG factors affect the competitive positioning and performance of a company. It involves reviewing the company's products and services and their exposure to investment risks and opportunities and understanding the competitive positioning of the company in each of its markets.
Sensitivity / Scenario Analysis	The analysis includes multiple factors representing the investment impacts of future trends including their risk profile at portfolio level, for example, resource scarcity, technology developments.
Fair value/fundamental analysis	The analysis and quantification of economic, industry, company-specific and ESG factors for inclusion into forecasted financial statements and valuation models.

SECTION

ESG incorporation in passively managed listed equities

LEI 11	Indicator status MANDATORY TO REPORT VOLUNTARY TO DISCLOSE	Purpose DESCRIPTIVE	Principle PRI 1
--------	--	------------------------	--------------------

LEI 11	INDICATOR	
LEI 11.1	Indicate if you manage passive listed equity funds that incorporate ESG factors in the index construction methodology.	
	<input type="radio"/> Yes	<input type="radio"/> No
LEI 11.2	Indicate the percentage of your total passive listed equity funds for which ESG factors are incorporated in the index construction methodology.	
	ESG incorporation in index construction methodology (% of total passive listed equity funds) <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%	
LEI 11.3	Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.	
	Index/fund name and brief description of ESG methodology	ESG incorporation strategy (select all that apply)
	[200 words]	<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other
	[same as above]	[same as above]
	[same as above]	[same as above]
	[same as above]	[same as above]
	[same as above]	[same as above]
LEI 11.4	Additional information	
	[OPTIONAL]	

LEI 11	EXPLANATORY NOTES
LEI 11	The indicator [LEI 11.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.
LEI 11.3	For definitions of passive and active management, please refer to the preface of this document or the Main Definitions document. For definitions of ESG incorporation in passively managed funds, please refer to the Main Definitions document.
LOGIC	
LEI 11	<p>This indicator is applicable if you reported a passive strategy in relationship to listed equity investments in [OO LE 01]. You will only be required to report on listed equity investments that are relevant to your responses in [OO LE 01].</p> <p>Within this indicator, if 'Yes' is reported in [LEI 11.1], [LEI 11.2] and [LEI 11.3] will be applicable.</p> <p>Indicators [LEI 12-13] will be applicable if 'Yes' is reported in [LEI 11.1].</p>

SECTION

Outputs and outcomes

LEI 12	Indicator status VOLUNTARY	Purpose DESCRIPTIVE	Principle PRI 1
--------	-------------------------------	------------------------	--------------------

LEI 12	INDICATOR
LEI 12.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
	Screening
	Describe any reduction in your starting investment universe or other effects.
	[200 words]
	Specify the percentage reduction (+/- 5%)
	<input type="text"/> %
	Thematic
	Describe any alteration to your investment universe or other effects.
	[200 words]
	Integration of ESG factors
Select which of these effects followed your ESG integration.	
<input type="checkbox"/> Reduce or prioritise the investment universe	
<input type="checkbox"/> Overweight/underweight at sector level	
<input type="checkbox"/> Overweight/underweight at stock level	
<input type="checkbox"/> Buy/sell decisions	
<input type="checkbox"/> Engagement / Voting	
<input type="checkbox"/> Other; specify _____	
<input type="checkbox"/> None of the above	
Index incorporating ESG factors (for passively managed funds)	
Describe the influence on composition or other effects.	
[200 words]	
LEI 12.2	Additional information [OPTIONAL]
	[1000 words]

LEI 12	EXPLANATORY NOTES
LEI 12	<p>The indicator [LEI 12.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.</p> <p>To find out more on how your peers have responded on this practice, view our analysis and visualisation in the listed equity incorporation interactive data report available on the Data Portal and the PRI website</p>
LEI 12.1	<p>You are encouraged to discuss whether the ESG incorporation approach has affected portfolio design and construction (e.g. by reference to particular sectors, geographies).</p> <p>You can provide further information on specific ESG factors that have affected individual investment views, decisions and performance under indicator LEI 13.</p>
LOGIC	
LEI 12.1	<p>[LEI 12.1] will be applicable if either</p> <p>(1) you reported 'Yes' to [LEI 11.1] or</p> <p>(2) if you reported that a screening, thematic or integration strategy is applied to some part of your actively managed listed equity in [LEI 01].</p> <p>The relevant active ESG incorporation strategies (screening, thematic, integration) will be applicable depending on your responses in [LEI 01]. The field 'Index incorporating ESG factors (for passively managed funds)' will be applicable depending on your response in [LEI 11.1].</p>

LEI 13	Indicator status VOLUNTARY	Purpose DESCRIPTIVE	Principle PRI 1
--------	-------------------------------	------------------------	--------------------

LEI 13	INDICATOR		
LEI 13.1	Provide examples of ESG factors that affected your investment view and/or performance during the reporting year.		
	ESG factor and explanation	ESG incorporation strategy applied	Impact on investment decision or performance
	[200 words]	<ul style="list-style-type: none"> Screening Thematic Integration Combination of ESG incorporation strategies Index incorporating ESG factors [dropdown]	[200 words]
	[same as above]	[same as above]	[same as above]
	[same as above]	[same as above]	[same as above]
	[same as above]	[same as above]	[same as above]
LEI 13.2	Additional information		
	[1000 words]		

LEI 13	EXPLANATORY NOTES
LEI 13	<p>You are encouraged to provide at least three, and up to five, examples.</p> <p>As far as practicable, these should provide the clearest illustration of how ESG factors were incorporated.</p> <p>Depending on your organisation, the examples may focus on different ESG factors or different sectors or may have resulted in different investment decisions (e.g. exclude, buy, sell, hold, overweight, underweight).</p> <p>ESG factor and explanation—you are not expected to disclose the name of the company. Generic responses (such as UK bank, Chinese retailer, etc.) are adequate. Alternatively, you might describe how your policy on climate change and emissions might have impacted your investment decision or performance".</p> <p>Impact on investment view or performance</p> <p>This can include the number of holdings in your portfolio that is affected and in which sectors.</p>
LOGIC	
LEI 13.1	<p>Under column "ESG incorporation strategy applied", "Screening", "Thematic", or "Integration" options will be applicable depending on your active ESG incorporation strategy reported in [LEI 01]. The option "Index incorporating ESG factors (for passively managed funds)" will be applicable depending on your response to [LEI 11.1].</p> <p>[LEI 13.1] will be applicable if you reported 'Yes' to [LEI 11.1] or that a screening, thematic or integration strategy is applied to some part of your actively managed listed equity in [LEI 01].</p>