

PRI Reporting Framework

INVESTMENT AND STEWARDSHIP POLICY

2021

INTRODUCTION

The Investment and Stewardship Policy (ISP) module aims to capture the overall approach of the reporting organisation to responsible investment.

All PRI signatories will be required to report on this module, regardless of their asset class mix, which responsible investment strategies they use or where they are headquartered.

The ISP module includes indicators focused on key themes that are applicable to most asset classes. By asking signatories about them in this module, we have substantially reduced repetition across the asset class modules while strengthening our accountability efforts and improving the overall reporting experience for signatories. Signatories can still indicate where activities differ by asset class, where applicable.

MODULE HIGHLIGHTS:

POLICY & GOVERNANCE

- A focus on which responsible investment policy components signatories have and what percentage of their AUM these cover.
- A focus on how responsible investment objectives and variable compensation are linked within the governance structure of organisations.
- Includes the PRI [Minimum Requirements](#).

STEWARDSHIP

- Incorporates the PRI's latest guidance on [active ownership](#).
- Reflects a broader definition of stewardship, incorporating tools beyond corporate engagement and proxy voting in listed equity.
- Assesses how stewardship is addressed in the organisation and how it might differ in practice depending on asset class.
- Includes a section on policy maker engagement and how signatories manage potential conflicts of interest in their lobbying activities.

CLIMATE CHANGE

- Anchored around the 11 TCFD recommendations. Questions are largely multiple choice with additional free-text answer boxes, creating a more efficient reporting process, with easier analysis of peer responses, while giving signatories the space to add contextual information.
- The TCFD themes that were mandatory to report on in 2020 – climate strategy and governance – will continue to be mandatory. They will also be publicly disclosed, and signatories will receive private assessment scores.
- In the 2021 reporting cycle, indicators on climate risk management and metrics and targets will be unassessed, voluntary to report on and disclose. They will later become 'core' indicators that are mandatory to report against and disclose.

SUSTAINABILITY OUTCOMES

Limited 'core' questions focusing on the organisation-wide guidelines and processes that signatories have, to identify and set policies on, sustainability outcomes. They are aligned with the first two steps of the [PRI's framework on SDG outcomes](#). Additional 'plus' questions on outcomes will be included in the Sustainability Outcomes module.

TRANSPARENCY AND CONFIDENCE-BUILDING MEASURES

Indicators in this section will cover:

- transparency of ESG product methodologies;
- responsible investment certification, including the type of certifications/labels;
- the content and frequency of client reporting;
- how signatories may have used confidence-building measures to verify information provided in their PRI reports – including internal review/verification, audit and external third-party assurance.

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RESULTS OF THE REPORTING FRAMEWORK REVIEW

SIMPLER AND MORE CONSISTENT

- There are fewer indicators and sub-indicators than in previous years.
- We removed indicators that were largely descriptive and/or geared towards what signatories are doing rather than how.

EVOLVED AND MORE CHALLENGING

- The module is still process oriented but is focused on how robust ESG incorporation processes are, by measuring how signatories have incorporated ESG considerations into their investment analysis and decision making.
- Signatories will be required to indicate the depth of activities for some indicators or indicate the AUM coverage for a practice (this has been detailed in the below module overview).
- More indicators in this module will be assessed compared to previous years.

21%
decrease
in number of
indicators

compared to 2020¹

52 CORE

28 PLUS

MODULE OVERVIEW

The ISP module consists of the following² sections and sub-sections:

POLICY & GOVERNANCE (15 INDICATORS)	STEWARDSHIP (20 INDICATORS)	CLIMATE CHANGE (19 INDICATORS)	SUSTAINABILITY OUTCOMES (8 INDICATORS)	TRANSPARENCY & CONFIDENCE BUILDING MEASURES (18 INDICATORS)
<ul style="list-style-type: none"> ■ Responsible investment policy (Indicate AUM coverage) PLUS ■ Governance ■ People and capabilities PLUS ■ Strategic asset allocation (Indicate AUM coverage) 	<ul style="list-style-type: none"> ■ Stewardship policy (Indicate AUM coverage) PLUS ■ Stewardship policy implementation PLUS ■ Stewardship objectives ■ Stewardship prioritisation ■ Stewardship methods PLUS ■ Collaborative stewardship PLUS ■ Escalation strategies PLUS ■ Alignment and effectiveness PLUS ■ Engaging policy makers (governance, policy and transparency) 	<ul style="list-style-type: none"> ■ Public support ■ Governance ■ Strategy PLUS ■ Strategy: scenario analysis PLUS ■ Risk management PLUS ■ Metrics and targets PLUS ■ Metrics and targets: Transition risk (Indicate AUM coverage) ■ Metrics and targets: Physical risk (Indicate AUM coverage) PLUS 	<ul style="list-style-type: none"> ■ Set policies on sustainability outcomes PLUS ■ Identify sustainability outcomes PLUS 	<ul style="list-style-type: none"> ■ Information disclosed – ESG assets ■ Information disclosed – passive ESG assets ■ Client reporting – ESG assets ■ Information disclosed – all assets ■ Client reporting – all assets ■ Frequency of client reporting – all assets ■ Confidence building measures PLUS

PLUS 'Plus' indicators included in this sub-section.

¹ Based on the total number of indicators in the 2020 Strategy and Governance module, including climate change indicators, and engagement indicators previously included in the 2020 Listed Equity Active Ownership module.

² While every effort has been made to ensure this overview is a true reflection of the Reporting Framework, elements such as the number of indicators per section or sub-section are subject to change.