

PRI REPORTING FRAMEWORK 2014/15

Direct – Listed Equity Incorporation

September 2014

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

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

**Indicator status**

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| MANDATORY | Mandatory indicators reflect core practices. These responses will be made public and must be completed to submit the framework. |
| MANDATORY TO REPORT  VOLUNTARY TO DISCLOSE | 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 may also contain commercially sensitive information. |
| VOLUNTARY | Voluntary indicators reflect alternative or advanced practices. These indicators are voluntary to report and disclose. |

**Purpose**

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| 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 contain important information on interpreting and completing the indicators. Read the logic box to make sure an indicator is applicable to you.

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| 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** | Definitions of specific terms that are used in the indicator are defined here. |

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# Pathways through the module

**LEI 01:**Breakdown by passive, quantitative, fundamental and other active strategies

**LEI 02:** Description of ESG incorporation

**LEI 15-17:** Outputs and outcomes

**LEI 18:** Disclosure of approach to ESG incorporation

**LEI 03: P**ercentage of each incorporation strategy

**LEI 09:** Types of sustainability thematic funds/mandates

**LEI 14:** ESG issues in index construction

**LEI 04:** Type of ESG information used in investment decision

Passive >10%, or choose to report on Passive

**LEI 07:** Processes to ensure screening is based on robust analysis

**LEI 06:** Types of screening applied

**LEI 08:** Processes to ensure fund criteria are not breached

**LEI 10:** Description of ESG integration

**LEI 11:** Review ESG issues while researching companies/ sectors

**LEI 12:** Processes to ensure integration is based on robust analysis

**LEI 13:** Aspects of analysis ESG information is integrated into

Active >10%, or choose to report on active

Screening reported

Integration reported

No incorporation strategy reported on 100% of actively managed listed equity

Yes

No

All strategies

**LEI 05:** Information from engagement and/or voting used in investment decision-making (if applicable, based on OO 10)

**LEI end:** Module confirmation page

Thematic reported

# Preface

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

This module has distinct sections for active and passive investors. The definitions for active and passive can be found below, and are replicated under indicator [LEI 01] for convenience.

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| **DEFINITIONS** | |
| **Passive strategies** | Passive investments are investments which mirror the performance of an index and follow a pre-determined buy and hold strategy that does not involve active forecasting. Examples include investments in broad capital market indices, ESG weighted indices, themed indices, passive managed ETFs or indices with ESG-based exclusions. |
| **Active - quantitative (quant) strategies** | Investment strategies or funds where the manager builds computer-based models to determine whether an investment is attractive. In a pure ‘quant model’ the final decision to buy or sell is made by the model. |
| **Active - fundamental** | Fundamental strategies in which investment decisions are based on human judgement. This includes both bottom-up (e.g. stock-picking) and top-down (e.g. sector-based) strategies. |
| **Active - other** | Strategies that do not match any of the above strategies. These may be active strategies that combine active quant and active fundamental strategies, or other strategies that you believe do not fit at all the above definitions. You may clarify your strategy in Additional Information field. |

**Summary of updates**

The Reporting Framework has not changed significantly since 2013-14. Some minor amendments have been made to improve data quality or assessment. The guidance has also been clarified throughout.

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| Indicator | Update |
| LEI 04 | The selection option “issue-specific analysis or ratings" has been replaced with "ESG issue-specific analysis or ratings” to clarify the meaning. |
| LEI 12 | This indicator is now ‘additional assessed’. |
| LEI 13 | This indicator has become ‘mandatory to report, voluntary to disclose’ and is now core assessed. |
| LEI 15 | The option to report “None of the above” has been added to the integration section. |
| LEI 16 | This indicator is a revised version of indicator [LEI 16] from the 2013-14 Reporting Framework. It has been rewritten to improve consistency with other modules. It is now additional assessed. |
| LEI 18 | [LEI 18] (communications) has been restructured. The content of this indicator has not changed, therefore prefilling is enabled. |
| Prefilling | Prefilling is enabled for this module, with the following exceptions:   * Indicators [LEI 03.1], [LEI 15.1] and [LEI 17] will not prefill as responses are specific to the reporting year. * [LEI 16] will not prefill as the wording has changed. |

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| SECTION |
| Overview |

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|  | Indicator status | Purpose | Principle |
| LEI 01 | MANDATORY TO REPORT  VOLUNTARY TO DISCLOSE | GATEWAY/PEERING | PRI 1 |

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| LEI 01 | INDICATOR | | |
| **LEI 01.1** | Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities. | | |
|  | **Strategies** | **Percentage of internally managed listed equities** | **Report on your strategies that represent <10% of listed equities** |
| ❑ Passive | 🔾<10%  🔾10-50%  🔾>50% | ❑ Yes ❑ No |
| ❑ Active – quantitative (quant) | 🔾<10%  🔾10-50%  🔾>50% | ❑ Yes ❑ No |
| ❑ Active – fundamental and other active strategies | 🔾<10%  🔾10-50%  🔾>50% | ❑ Yes ❑ No |
| **Total internally managed listed equities** | **100%** |  |
| **LEI 01.2** | Additional information.  [Optional] | | |
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| LEI 01 | **EXPLANATORY NOTES** |
| **LEI 01.1** | Your organisation’s breakdown of passive, active quantitative and active fundamental and other strategies will be used to trigger subsequent indicators. |
| **LOGIC** | |
| **LEI 01** | Within indicator:  Option ‘Report on your strategies that represents <10% of listed equities will be applicable if you select the ‘<10%’ option for any strategy. Strategies that represent 10% or more of your listed equities will be mandatory to report on in this module.  Between indicators:   * The subsequent indicator [02] and Communication section [18] will always be applicable. * If Passive is reported, indicator [14] will be applicable. * If Active – quantitative and/or fundamental is reported, indicator [03] will be applicable. In this indicator you will be able to report different ESG incorporation strategies. Your selection(s) will determine which subsequent indicators will be applicable. Please see additional details in [03]. |
| **ASSESSMENT** | |
| **LEI 01** | **If you only select ‘Passive’** – You will not be assessed in the Direct - Listed Equity Incorporation (LEI) module due to the low number of assessed indicators that you will complete in the ‘Passive investments that incorporate ESG’ section.  **If you select ‘Active – quant’ and/or ‘Active – fundamental and other’ OR ‘All three strategies’** – You will be assessed on your responses to the ‘Implementation Process’, ‘Implementation’, ‘Outputs and outputs’ and ‘Communication’ sections. |

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| LEI 01 | **DEFINITIONS** |
| *Actively and passively managed strategies* | |
| **Passive strategies** | Passive investments are investments which mirror the performance of an index and follow a pre-determined buy and hold strategy that does not involve active forecasting. Examples include investments in broad capital market indices, ESG weighted indices, themed indices, passive managed ETFs or indices with ESG-based exclusions. |
| **Active - quantitative (quant) strategies** | Investment strategies or funds where the manager builds computer-based models to determine whether an investment is attractive. In a pure "quant model" the final decision to buy or sell is made by the model. |
| **Active - fundamental** | Fundamental strategies in which investment decisions are based on human judgment. This includes both bottom-up (e.g. stock-picking) and top-down (e.g. sector-based) strategies. |
| **Active - other** | Strategies that do not match any of the above strategies. These may be active strategies that combine active quant and active fundamental strategies, or other strategies that you believe do not fit at all the above definitions. You may clarify your strategy in the [01.2] Additional Information indicator. |

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|  | Indicator status | Purpose | Principle |
| LEI 02 | VOLUNTARY | DESCRIPTIVE | PRI 1 |

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| LEI 02 | INDICATOR |
| **LEI 02.1** | Provide a brief overview of how you incorporate ESG issues into listed equity investments. |
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| LEI 02 | **EXPLANATORY NOTES** |
| **LEI 02.1** | The indicator allows you to provide a broad overview of how your organisation takes into account ESG issues 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.  This indicator may include a discussion of:   * The main ESG strategies that you use, including the motivation for their use. * Who is mainly responsible for the implementation of these strategies. * How your ESG incorporation strategies differ (e.g. by geography, sector, etc). |

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| SECTION |
| ESG incorporation in actively managed listed equities |

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| Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_Orange.png | **IMPLEMENTATION PROCESSES** |

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|  | Indicator status | Purpose | Principle |
| LEI 03 | MANDATORY | GATEWAY/CORE ASSESSED | PRI 1 |

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| LEI 03 | **INDICATOR** | |
| **LEI 03.1** | Indicate   * 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 +/- 10%)** |
| ❑ Screening alone (i.e. not combined with any other strategies) | % |
| ❑ Thematic alone (i.e. not combined with any other strategies) | % |
| ❑ Integration alone (i.e. not combined with any other strategies) | % |
| ❑ Screening + integration strategies | % |
| ❑ Thematic + integration strategies | % |
| ❑ Screening + thematic strategies | % |
| ❑ All three strategies combined | % |
| ❑ No incorporation strategies applied | % |
| **Total actively managed listed equities** | **100%** |
| **LEI 03.2** | Describe your primary reasons for choosing a particular ESG incorporation strategy. | |
|  | |
| **LEI 03.3** | Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used.  [Optional] | |
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| **LEI 03.4** | Additional information.  [Optional] | |
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| LEI 03 | **EXPLANATORY NOTES** |
| **LEI 03.1** | Under Principle 1, you undertake to incorporate ESG issues into investment analysis and decision-making processes. See the definitions below this indicator for details on 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 to implementing this Principle. There are many different ways in which this can be done. The options provided are designed to allow you to reflect your particular approach as faithfully as possible. The above combinations may however not represent your strategy perfectly. 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.  If you apply two strategies to the same assets, please select the relevant combination options. For example, you may apply screening only for 5% of your assets and for others you may apply a combination of screening and integration. In these cases you would report ‘Screening alone’ for 5%, and ‘Screening + Integration strategies’ for the remaining 95%.  If you do not apply any incorporation approach and the option ‘No incorporation strategies applied’ 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. |
| **LEI 03.2** | This may include a discussion of:   * Choice(s) made by your organisation; * Financial and/or ESG implications; * Client demands. |
| **LOGIC** | |
| **LEI 03** | Between indicators:  This indicator will only be applicable for ‘Active – quant’ OR ‘Active- fundamental’ strategies reported in [01].  For all those with screening, thematic and/or integration strategies applied to some part of their actively managed listed equities, [04], [05], [15-18] will be applicable. Based on the strategy options picked above, the following logic will then apply.   * **If you select ‘Screening alone’**: This will trigger the ‘Implementation: Screening’ section [06–08]; * **If you select ‘Thematic alone’**: This will trigger the ‘Implementation: Sustainability themed investing’ section’ [09]; * **If you select ‘Integration alone’**: This will trigger the ‘Implementation: Integration of ESG issues’ section [10–13]; * **If you select ‘Screening + Integration’**: This will trigger the ‘Implementation Screening’ section [06–08] and ‘Implementation: Integration of ESG issues’ section [10–13]; * **If you select ‘Thematic + Integration’**: This will trigger the Implementation: Sustainability themed investing’ section’ [09] and ‘Implementation: Integration of ESG issues’ section [10–13]; * **If you select ‘Screening + Thematic’**: This will trigger the ‘Implementation Screening’ section [06–08]and the ‘Implementation: Sustainability themed investing’ section’ [09]; * **If you select ‘All three strategies’:** This will trigger all three sections [06–13]. * **If you report ‘No incorporation strategies applied**’ to 100% of your actively managed listed equities, indicators [04-17] will not be applic*a*ble. |
| **ASSESSMENT** | |
| **LEI 03** | Maximum score: Three ★  Based on your response in [03.1] you will be assessed on the total coverage of all incorporation strategies combined.  Aggregated LEI score:  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 [03]. You can achieve the top level with either 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. |

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| LEI 03 | | **DEFINITIONS** |
| Incorporation of ESG issues 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*. The Reporting Framework addresses four ways in which this can be done:   * **Screening** * Sustainability **themed** investment (also referred to as environmentally and socially themed investment) * **Integration** of ESG issues * A combination of the above   Assets subject to an engagement approach only and not subject to any of the above strategies should not be included in ESG incorporation.  To improve standardisation and communication in the responsible investment industry, the PRI has aligned its definitions with those of the [Global Sustainable Investment Alliance](http://www.gsi-alliance.org/). These are presented below for convenience. | | |
| **Screening** of investments | This involves three types of screening:  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. | |
| Sustainability **themed** investment | Investment in themes or assets specifically related to sustainability (for example clean energy, green technology or sustainable agriculture). | |
| **Integration** of ESG issues | The systematic and explicit inclusion by investment managers of environmental, social and governance factors into traditional financial analysis. | |
| For further detail on these definitions, please see separate [Main Definitions](http://www.unpri.org/wp-content/uploads/2013-14_PRI_RF_maindefinitions.pdf) document. | | |

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|  | Indicator status | Purpose | Principle |
| LEI 04 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1 |

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| LEI 04 | INDICATOR | | |
| **LEI 04.1** | 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** | |
| ❑ Raw ESG company data | ❑ ESG research provider  ❑ Sell-side  ❑ In-house – specialised ESG analyst or team  ❑ In-house – analyst or portfolio manager | |
| ❑ Company-related analysis or ratings | ❑ ESG research provider  ❑ Sell-side  ❑ In-house – specialised ESG analyst or team  ❑ In-house – analyst or portfolio manager | |
| ❑ Sector-related analysis or ratings | ❑ ESG research provider  ❑ Sell-side  ❑ In-house – specialised ESG analyst or team  ❑ In-house – analyst or portfolio manager | |
| ❑ Country-related analysis or ratings | ❑ ESG research provider  ❑ Sell-side  ❑ In-house – specialised ESG analyst or team  ❑ In-house – analyst or portfolio manager | |
| ❑ Screened stock list | ❑ ESG research provider  ❑ Sell-side  ❑ In-house – specialised ESG analyst or team  ❑ In-house – analyst or portfolio manager | |
|  | ❑ ESG issue-specific analysis or ratings | ❑ ESG research provider  ❑ Sell-side  ❑ In-house – specialised ESG analyst or team  ❑ In-house – analyst or portfolio manager | |
| ❑ Other, specify\_\_\_\_\_\_\_ | ❑ ESG research provider  ❑ Sell-side  ❑ In-house – specialised ESG analyst or team  ❑ In-house – analyst or portfolio manager | |
| **LEI 04.2** | Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies. | | |
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| **LEI 04.3** | Indicate if you incentivise brokers to provide ESG research. | | |
| 🔾 Yes | | 🔾 No |
| **LEI 04.4** | Describe how you incentivise brokers. | | |
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| **LEI 04.5** | Additional information. | | |
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| LEI 04 | **EXPLANATORY NOTES** |
| **LEI 04.1** | The purpose of this indicator is to allow you to report on what type of ESG information contributes to your investment decisions. It also aims for 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)  Different possible sources:   * **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 comprises the acceptable universe from which to construct a screened portfolio. * **Issue-specific ESG analysis or ratings:** may be analysis of a singular issue (e.g. human rights) or a trend or theme, such as climate change. |
| **LEI 04.2** | Describe here the sources of ESG information, split by strategies. Also indicate if you typically use raw third party ESG information in your investment process or if you conduct further in house research to supplement third party research. |
| **LEI 04.3** | The application of an incentive system with third party providers (such as brokers) is viewed as an influential way to promote ESG issues. The financial quantification of ESG services and their quality encourages attention to ESG issues and enables more dedicated resources. |
| **LEI 04.4** | In this indicator you might also wish to describe what actions you take to stimulate ESG research. For example, you could describe if:   * You identify ESG issues and suggest brokers or other investment research providers look into them. * Your broker evaluation processes (which determines how you allocate commissions to brokers) include an ESG component, * You have a budget for purchasing broker research on ESG issues |

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| **LOGIC** | |
| **LEI 04** | Within indicator:  [04.4] will be applicable if you report ‘Yes’ to [04.3]. |
| **ASSESSMENT** | |
| **LEI 04** | Maximum score: Three ★  The assessment of this indicator is based on the types of ESG information used in the investment decision process. |

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|  | Indicator status | Purpose | Principle |
| LEI 05 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1 |

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| LEI 05 | INDICATOR | |
| **LEI 05.1** | Indicate if 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 | 🔾 We have a systematic process to ensure the information is made available  🔾 We occasionally make this information available  🔾 We do not make this information available |
| (Proxy) voting | 🔾 We have a systematic process to ensure the information is made available  🔾 We occasionally make this information available  🔾 We do not make this information available |
| **LEI 05.2** | Additional information. | |
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| LEI 05 | **EXPLANATORY NOTES** |
| **LEI 05** | The purpose of this indicator is to allow 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).  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.  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.  Engagement refers to interactions which you may have with investees for influence in relation to ESG issues. 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. |
| **LOGIC** | |
| **LEI 05** | Between indicators:  Depending on your response in OO 10 on engagement and/or (proxy) voting, the engagement and/or voting response option will be applicable. |
| **ASSESSMENT** | |
| **LEI 05** | 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. |

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| Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_Orange.png | **IMPLEMENTATIONPROCESS** | Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_MB_short.png | *A) Implementation: Screening* |

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|  | Indicator status | Purpose | Principle |
| LEI 06 | MANDATORY | DESCRIPTIVE | PRI 1 |

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| LEI 06 | INDICATOR | | |
| **LEI 06.1** | 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 | * Product * Activity * Sector * Country/geographic region * Environmental and social practices and performance * Corporate governance |  |
| Positive/best-in-class screening | * Product * Activity * Sector * Country/geographic region * Environmental and social practices and performance * Corporate governance |  |
| Norms-based screening | * UN Global Compact Principles * Universal Declaration of Human Rights * International Labour Organization Conventions * United Nations Convention Against Corruption * OECD Guidelines for Multinational Enterprises * Other, specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| **LEI 06.2** | Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made. | | |
|  | | |
| **LEI 06.3** | Additional information.  [Optional] | | |
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| LEI 06 | **EXPLANATORY NOTES** |
| **LEI 06.1** | 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.  Screening can be based on:   * 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 * Corporate governance – e.g. excessive executive remuneration, non-independent boards |
| **LEI 06.2** | Your description of how screening criteria are established could refer to your organisation, your clients/beneficiaries, etc. |

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| LEI 06 | **DEFINITIONS** |
| For definition of this strategy, please see separate [Main Definitions](http://www.unpri.org/wp-content/uploads/2013-14_PRI_RF_maindefinitions.pdf) document. | |

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| --- | --- | --- | --- |
|  | Indicator status | Purpose | Principle |
| LEI 07 | MANDATORY | CORE ASSESSED | PRI 1 |

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| LEI 07 | INDICATOR |
| **LEI 07.1** | Indicate which processes your organisation uses to ensure that screening is based on robust analysis. |
|  | * Comprehensive ESG research is undertaken or sourced to determine companies’ activities and products * Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies * 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 * Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies * A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions * A periodic review of the quality of the research undertaken or provided is carried out * Other, specify\_\_\_\_\_\_\_\_\_\_\_ * None of the above |
| **LEI 07.2** | Additional information.  [Optional] |
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| LEI 07 | **EXPLANATORY NOTES** |
| ASSESSMENT | |
| **LEI 07** | Maximum score: Three ★  The assessment of this indicator is based on your responses to [07.1]. |

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|  | Indicator status | Purpose | Principle |
| LEI 08 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1 |

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| LEI 08 | INDICATOR |
| **LEI 08.1** | Indicate which processes your organisation uses to ensure that fund criteria are not breached. |
|  | * Checks are performed to ensure that stocks meet the fund’s screening criteria. These checks are:   + Systematic   + Occasional * Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria * Audits of fund holdings are undertaken regularly by internal audit function * Other, specify\_\_\_\_\_\_\_\_\_\_\_ * None of the above |
| **LEI 08.2** | If breaches of fund screening criteria are identified - describe the process followed to correct those breaches. |
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| **LEI 08.3** | Additional information. |
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| LEI 08 | **EXPLANATORY NOTES** |
| **LEI 08.2** | Breaches of fund screening criteria refer to occasions when stocks that should have been excluded are bought.  *Systematic and Occasional*  Systematic processes are a planned, routine part of your processes. This may include sampling or spot-checking which is conducted according to a pre-set plan.  Occasional reviews are typically done in an ad hoc manner. |
| **ASSESSMENT** | |
| **LEI 08** | Maximum score: Three ★  The assessment of this indicator is based on your responses to [08.1]. |

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| Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_Orange.png | **IMPLEMENTATIONPROCESS** | Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_MB_short.png | *B) Implementation: Thematic* |

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|  | Indicator status | Purpose | Principle |
| LEI 09 | MANDATORY | DESCRIPTIVE | PRI 1 |

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| LEI 09 | INDICATOR |
| **LEI 09.1** | Indicate the type of sustainability thematic funds or mandates that your organisation manages. |
|  | * Environmentally themed funds * Socially themed funds * Combination of themes |
| **LEI 09.2** | Describe your organisation’s processes for sustainability themed funds.  [Optional] |
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| **LEI 09.3** | Additional information.  [Optional] |
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| LEI 09 | **EXPLANATORY NOTES** |
| **LEI 09** | 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.  A voluntary indicator on thematic investing across asset classes is included in the Overarching Approach (OA) module. There will therefore be some overlap between this indicator and voluntary indicator OA 14. However, please focus here on reporting on your listed equity themes and provide additional information only if not covered in OA.  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. |
| **LEI 09.1** | This indicator aims to capture the predominant theme of the fund, e.g. a climate change fund (environmental) or healthcare 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 09.2** | In this indicator you should describe your organisation’s process. This may include discussions of:   * How these themes are defined. * Whether the application/interpretation of the themes differs by sector or by geographic region. * 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). |

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| LEI 09 | **DEFINITIONS** |
| For definition of this strategy, please see separate [Main Definitions](http://www.unpri.org/wp-content/uploads/2013-14_PRI_RF_maindefinitions.pdf) document. | |

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| Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_Orange.png | **IMPLEMENTATIONPROCESS** | Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_MB_short.png | *C) Implementation: Integration of ESG issues* |

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|  | Indicator status | Purpose | Principle |
| LEI 10 | VOLUNTARY | DESCRIPTIVE | PRI 1 |

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| LEI 10 | INDICATOR |
| **LEI 10.1** | Describe how you integrate ESG issues into investment decision-making processes. |
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| LEI 10 | **EXPLANATORY NOTES** |
| **LEI 10** | Please describe things such as the motivation for integration (i.e. if driven by your organisation and/or by a client specific request), broadly how it is applied, how investment professionals and RI/ESG staff work together on integration, how long this approach has been used, etc. |

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| LEI 10 | **DEFINITIONS** |
| For the definition of this strategy, please see the separate [Main Definitions](http://www.unpri.org/wp-content/uploads/2013-14_PRI_RF_maindefinitions.pdf) document. | |

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|  | Indicator status | Purpose | Principle |
| LEI 11 | MANDATORY | CORE ASSESSED | PRI 1 |

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| LEI 11 | **INDICATOR** | |
| **LEI 11.1** | Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies. | |
|  | **ESG issues** | **Coverage/extent of review on these issues** |
| Environmental | 🔾 We systematically review the potential significance of environmental issues and investigate them accordingly  🔾 We occasionally review the potential significance of environmental issues and investigate them accordingly  🔾 We do not review environmental issues |
| Social | 🔾 We systematically review the potential significance of social issues and investigate them accordingly  🔾 We occasionally review the potential significance of social issues and investigate them accordingly  🔾 We do not review social issues |
| Corporate Governance | 🔾 We systematically review the potential significance of corporate governance issues and investigate them accordingly  🔾 We occasionally review the potential significance of corporate governance issues and investigate them accordingly  🔾 We do not review corporate governance issues |
| **LEI 11.2** | Additional information.  [Optional] | |
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| LEI 11 | **EXPLANATORY NOTES** |
| **LEI 11** | The purpose of this indicator is to allow you to explain whether you research the potential relevance of all ESG issues in all cases, as opposed to, for example, to researching corporate governance in all cases but researching environmental or social issues only in certain cases. ESG issues 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.  *Systematic and Occasional*   * **Systematic** processes review the relevance of ESG issues across different sectors, markets, strategies, issues. Typically these are a planned, routine part of your investment process for all relevant staff. * **Occasional** reviews are typically ad hoc and may applied by some investment managers and not by others, or to some markets only, or to some sectors only. |
| **ASSESSMENT** | |
| **LEI 11** | Maximum score: Three ★  This indicator assesses if your organisation systematically reviews E ,S and G issues. |

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|  | Indicator status | Purpose | Principle |
| LEI 12 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1 |

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| LEI 12 | INDICATOR |
| **LEI 12.1** | Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis. |
|  | * Comprehensive ESG research is undertaken or sourced to determine companies’ activities and products * Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies * Company information and/or ratings on ESG are updated regularly * A periodic review of the quality of the research undertaken or provided is carried out * Other, specify\_\_\_\_\_\_\_\_\_\_\_ * None of the above |
| **LEI 12.2** | Describe how ESG information is held and used by your portfolio managers. |
|  | * ESG information is held within centralised databases or tools and it is accessible by all relevant staff * ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff * Systematic records are kept that capture how ESG information and research was incorporated into investment decisions * Other, specify\_\_\_\_\_\_\_\_\_\_\_\_ * None of the above |
| **LEI 12.3** | Additional information. |
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| LEI 12 | **EXPLANATORY NOTES** |
| **LEI 12** | 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. |
| **LEI 12.1** | 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. |
| **LEI 12.2** | 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.  The term **systematic** should be interpreted to mean a planned, routine part of your investment process for all relevant staff. |
| **ASSESSMENT** | |
|  | Maximum score: Three ★  The assessment will be based on the response to [12.1] and/or [12.2]. |

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|  | Indicator status | Purpose | Principle |
| LEI 13 | MANDATORY TO REPORT,  VOLUNTARY TO DISCLOSE | CORE ASSESSED | PRI 1 |

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| LEI 13 | INDICATOR | |
| **LEI 13.1** | Indicate into which aspects of investment analysis you integrate ESG information. | |
| ❑ (Macro)economic analysis | 🔾 Systematically  🔾 Occasionally |
| ❑ Industry analysis | 🔾 Systematically  🔾 Occasionally |
| ❑ Analysis of company strategy and quality of management | 🔾 Systematically  🔾 Occasionally |
| ❑ Idea generation | 🔾 Systematically  🔾 Occasionally |
| ❑ Portfolio construction | 🔾 Systematically  🔾 Occasionally |
| ❑ Fair value/fundamental analysis | 🔾 Systematically  🔾 Occasionally |
| ❑ Other, specify\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | 🔾 Systematically  🔾 Occasionally |
| **LEI 13.2** | Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis. | |
| ❑ Adjustments to income forecasts (sales, earnings, cash flows)  ❑ Adjustments to valuation tools (discount rates, return forecasts, growth rates)  ❑ Other adjustments to fair value projections, specify\_\_\_\_\_\_\_\_\_\_ | |
| **LEI 13.3** | Additional information.  [Optional] | |
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| LEI 13 | **EXPLANATORY NOTES** |
| **LEI 13** | The purpose of this indicator is to allow you to describe how you internally use ESG information in investment analysis and decision making. The structure of this indicator is based on the framework set out in PRI’s publication [Integrated Analysis: how investors are addressing environmental, social and governance factors in fundamental equity valuation.](http://www.unpri.org/wp-content/uploads/Integrated_Analysis_2013.pdf)  In this indicator, **portfolio construction** refers to changes in the construction of your portfolio due to ESG integration. For example, underweighting or overweighting certain sectors due to ESG risk. It should not be confused with screening, which should be reported in indicators [05], [06] and [07].  *Systematic and Occasional*   * **Systematic** processes are a planned, routine part of your investment process for all relevant staff. * **Occasional** reviews are typically ad hoc and may applied by some investment managers and not by others, or to some markets only, or to some sectors only. |

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| **LOGIC** | |
| **LEI 13** | Within indicator:  [13.2] is applicable if you report ‘Fair value/fundamental analysis’ in [13.1]. |
| **ASSESSMENT** | |
| **LEI 13** | Maximum score: Three ★  The assessment of this indicator is based on your responses to [13.1]. |

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| SECTION |
| ESG incorporation in passively managed listed equities |

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|  | Indicator status | Purpose | Principle |
| LEI 14 | MANDATORY TO REPORT  VOLUNTARY TO DISCLOSE | DESCRIPTIVE | PRI 1 |

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| LEI 14 | INDICATOR | |
| **LEI 14.1** | Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology. | |
|  | 🔾 Yes | 🔾 No |
| **LEI 14.2** | Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology. | |
|  | **ESG incorporation in index construction methodology (% of total passive listed equity funds)** | |
| 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% | |
| **LEI 14.3** | 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) |
|  | ❑ Screening  ❑ Thematic  ❑ Integration of ESG issues  ❑ Other |
|  | [same as above] |
|  | [same as above] |
|  | [same as above] |
|  | [same as above] |
| **LEI 14.4** | Additional information.  [Optional] | |
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| LEI 14 | **EXPLANATORY NOTES** |
| **LEI 14.3** | For definitions of passive and active management, please refer to the preface of this document, or the [Main Definitions](http://www.unpri.org/wp-content/uploads/2013-14_PRI_RF_maindefinitions.pdf) document. For definitions of ESG incorporation in passively managed funds, please refer to the [Main Definitions](http://www.unpri.org/wp-content/uploads/2013-14_PRI_RF_maindefinitions.pdf) document. |
| **LOGIC** | |
| **LEI 14** | This indicator is applicable if you reported a passive strategy in relation to listed equity investments in [01.1]. You will only be required to report on listed equity investments that are relevant to your responses in [01.1].  Within this indicator, if ‘Yes’ is reported in [14.1]; [14.2] and [14.3] will be applicable;  [14.4] will always be applicable.  Indicators [15-17] will be applicable if ‘Yes’ is reported in [14.1]. |

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| SECTION |
| Outputs and outcomes |

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|  | Indicator status | Purpose | Principle |
| LEI 15 | VOLUNTARY | DESCRIPTIVE | PRI 1 |

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| LEI 15 | INDICATOR | |
| **LEI 15.1** | 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** | **Specify the percentage reduction** |
|  | % |
| **Thematic** | |
| **Describe any alteration to your investment universe or other effects** | |
|  | |
|  | **Integration of ESG issues** | |
| **Select which of these effects followed your ESG integration:** | |
| ❑ Reduce or prioritise the investment universe  ❑ Overweight/underweight at sector level  ❑ Overweight/underweight at stock level  ❑ Buy/sell decisions  ❑ Other, specify \_\_\_\_\_\_\_\_\_\_\_  ❑ None of the above | |
| **Index incorporating ESG issues (for passively managed funds)** | |
|  | **Describe the influence on composition or other effects** | |
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| **LEI 15.2** | Additional information. | |
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| LEI 15 | **EXPLANATORY NOTES** |
| **LEI 15.1** | You are encouraged to discuss whether the ESG incorporation approach has affected portfolio design and construction (e.g. by reference to particular sectors, geographies).  You can provide further information on specific ESG issues that have affected individual investment views, decisions and performance under indicator LEI 17. |
| **LOGIC** | |
| **LEI 15.1** | This indicator will be applicable if you reported ‘Yes’ to [14.1] or if you reported that a screening, thematic or integration strategy is applied to some part of your actively managed listed equity in [03].  The relevant active ESG incorporation strategy fields will be applicable depending on your responses in [03]. The field ‘Index incorporating ESG issues (for passively managed funds)’ will be applicable depending on your response in [14.1]. |

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|  | Indicator status | Purpose | Principle |
| LEI 16 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1 |

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| LEI 16 | INDICATOR | | |
| **LEI 16.1** | Indicate whether your organisation measures how your approach to ESG issues in Listed Equity investments has affected financial and/or ESG performance. | | |
| ❑ We measure whether our approach to ESG issues impacts funds’ financial performance  ❑ We measure whether our approach to ESG issues impacts funds’ risk or volatility  ❑ We measure whether our approach to ESG issues impacts funds’ ESG performance  ❑ None of the above | | |
|  | Describe the impact on: | | Which strategies were analysed? |
| a) Funds’ financial performance | 🔾 Positive  🔾 Negative  🔾 No impact | ❑ Screening  ❑ Integration  ❑ Thematic  ❑ Index construction (passively managed funds) |
| b) Funds’ risk or volatility | 🔾 Reduced risk or volatility  🔾 Increased risk or volatility  🔾 No impact | ❑ Screening  ❑ Integration  ❑ Thematic  ❑ Index construction (passively managed funds) |
| c) Funds’ ESG performance | 🔾 Positive  🔾 Negative  🔾 No impact | ❑ Screening  ❑ Integration  ❑ Thematic  ❑ Index construction (passively managed funds) |
| **LEI 16.2** | Describe how you are able to determine these outcomes | | |
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| LEI 16 | **EXPLANATORY NOTES** |
| **LEI 16** | This indicator aims to capture whether you measure impact, positive or negative, of taking account and managing ESG issues on financial and ESG performance, as well as risk.  This indicator is a revised version of indicator [LEI 16] from the 2013-14 Reporting Framework. Because the structure has changed, prefilling is not enabled for this indicator. |
| **LEI 16.2** | Describe how you measure how the impact of ESG issues on financial returns, risks and/or ESG performance. You are strongly encouraged to report on carbon benchmarking, if this is undertaken.  You are encouraged to specify the ESG issues (e.g. greenhouse gas emissions, water consumption) and financial measures you use to assess performance and comment on any practical issues in using these measures in your processes. |

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| **LOGIC** | |
| **LEI 16** | This indicator will be applicable if you reported ‘Yes’ to [14.1] or if you reported that a screening, thematic or integration strategy is applied to some part of your actively managed listed equity in [03].  Indicator [16.2] will be applicable if you indicate that you measure whether ESG issues affect funds’ financial performance, risk/volatility or ESG performance. Only relevant rows will be applicable.  The relevant active ESG incorporation strategy check boxes will be applicable depending on your responses in [03]. The field ‘Index incorporating ESG issues (for passively managed funds) will be applicable depending on your response to [14.1]. |
| **ASSESSMENT** | |
| **LEI 16** | Maximum score: Three ★  The scoring of this indicator is based on your response to [16.1]. |

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| LEI 16 | **DEFINITIONS** |
| **LEI 16** | Definitions of screening, thematic and integration strategies for active and passively managed funds can be found in the [Main Definitions](http://www.unpri.org/wp-content/uploads/2013-14_PRI_RF_maindefinitions.pdf) document. |

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|  | Indicator status | Purpose | Principle |
| LEI 17 | VOLUNTARY | DESCRIPTIVE | PRI 1 |

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| LEI 17 | INDICATOR | | |
| **LEI 17.1** | Provide examples of ESG issues that affected your investment view and/or performance during the reporting year. | | |
|  | **ESG issue and explanation** | **ESG incorporation strategy applied** | **Impact on investment decision or performance** |
|  | * Screening * Thematic * Integration * Combination of ESG incorporation strategies * Index incorporating ESG issues   [dropdown] |  |
|  | [same as above] |  |
|  | [same as above] |  |
|  |  | [same as above] |  |
|  | [same as above] |  |
| **LEI 17.2** | Additional information. | | |
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| LEI 17 | **EXPLANATORY NOTES** |
| **LEI 17** | You are encouraged to provide at least three, and up to five, examples.  As far as practicable, these should provide the clearest illustration of how ESG issues were incorporated.  Depending on your organisation, the examples may focus on different ESG issues, different sectors, or may have resulted in different investment decisions (e.g. exclude, buy, sell, hold, overweight, underweight).  **ESG issue and explanation** – you are not expected to disclose the name of the company , generic responses are adequate, e.g. UK bank, Chinese retailer, etc.  **Impact on investment view or performance**  This can include the number of holdings in your portfolio that is affected, and in which sectors. |
| **LOGIC** | |
| **LEI 17.1** | This indicator will be applicable if you reported ‘Yes’ to [14.1] or if you reported that a screening, thematic or integration strategy is applied to some part of your actively managed listed equity in [03].  The options in field ‘ESG incorporation strategy applied’ will be applicable depending on your responses in [03] for active strategies (screening, thematic, integration or combination of ESG incorporation strategies)and based on response in [14.1] for passive strategy (index incorporating ESG issues). |

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| SECTION |
| Communication |

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|  | Indicator status | Purpose | Principle |
| LEI 18 | MANDATORY | CORE ASSESSED | PRI 2,6 |

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| LEI 18 | INDICATOR | |
| **LEI 18.1** | Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity. | |
|  | 🔾We disclose it publicly, provide URL:\_\_\_\_\_\_\_\_\_  🔾 We disclose it to clients and/or beneficiaries only  🔾 We do not proactively disclose it to the public and/or clients/beneficiaries | |
| **LEI 18.2** | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries. | |
|  | 🔾 Yes | 🔾 No |
| **LEI 18.3** | Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation. | |
| 🔾 Broad approach to ESG incorporation  🔾 Detailed explanation of ESG incorporation strategy used | |
| **LEI 18.4** | Indicate how frequently you typically report this information to the public. | |
|  | 🔾 Quarterly or more frequently  🔾 Between quarterly and annually  🔾 Less frequently than annually  🔾 Other, specify\_\_\_\_\_\_\_\_ | |
| **LEI 18.5** | Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation. | |
| 🔾 Broad approach to ESG incorporation  🔾 Detailed explanation of ESG incorporation strategy used | |
| **LEI 18.6** | Indicate how frequently you typically report this information to client/ beneficiaries | |
| 🔾 Quarterly or more frequently  🔾 Between quarterly and annually  🔾 Less frequently than annually  🔾 Other, specify\_\_\_\_\_\_\_\_ | |
| **LEI 18.7** | Additional information.  [Optional] | |
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| LEI 18 | **EXPLANATORY NOTES** |
| **LEI 18** | The purpose of this indicator is to allow signatories to demonstrate how widely they make information about their responsible investment activities available. Information provided to certain groups – such as pension fund beneficiaries – may in practice be in the public domain. However, deliberate reporting to the public at large is treated here as a separate category of communication.  Proactively means beyond the publication of your responses to the PRI Reporting Framework on the PRI website. This can be information on your own website (such as your full or partial PRI Reporting Framework responses, or other forms of RI reporting), annual report, newsletter, etc. It may be information proactively given to clients or shared with the public using any form judged appropriate. |
| **LEI 18.2** | If the information your organisation proactively discloses to clients/beneficiaries and the public is the same, the online tool will generate one column to enable you to report this information in sub-indicator [18.3]. |
| **LEI 18.5** | This may include a discussion of:  Any situations where you do not disclose to the public because clients have proactively mandated your organisation not to. |
| **LOGIC** | |
| **LEI 18** | Within this indicator:   * If you report that your organisation discloses information to your clients/beneficiaries only, indicators [18.5] and [18.6] will be applicable. * If you report that your organisation discloses information to the public, indicators [18.3] and [18.4] will be applicable. * If you report that the information presented to the public and clients/beneficiaries is different in indicator [18.2], indicators [18.5] and [18.6] will also be applicable, allowing you to describe the differences in approach. |
| **ASSESSMENT** | |
| **LEI 18** | Maximum score: Six ★  This indicator assesses whether information is disclosed to the public or clients/beneficiaries only [18.1], what information is disclosed [18.3] and how frequently [18.4]. The top score can only be achieved if information is being disclosed to the public. |