

PRI REPORTING FRAMEWORK 2020 Direct — Listed Equity Incorporation

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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 they 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 include important information about 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** | Specific terms used in the indicator are defined here. |

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# Pathways through the module

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

**LEI 12-13:** Outputs and outcomes

**LEI end:** Module confirmation page

**LEI 01: P**ercentage of each incorporation strategy

**LEI 07:** Types of sustainability thematic funds/mandates

**LEI 11:** ESG factors in index construction

**LEI 02:** Type of ESG information used in investment decision

Passive >10%, or choose to report on Passive

**LEI 05:** Processes to ensure screening is based on robust analysis

**LEI 04:** Types of screening applied

**LEI 06:** Processes to ensure fund criteria are not breached

**LEI 08:** Review ESG factors while researching companies/sectors

**LEI 09:** Processes to ensure integration is based on robust analysis

**LEI 10:** 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 03:** Information from engagement and/or voting used in investment decision-making

Thematic reported

**OO LE 02:** Report on less than 10% of listed equity assets

# 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**

|  |  |
| --- | --- |
| 2019 Indicator | Update summary |
| LEI 02.1 | Assessment clarified |
| LEI 08.1 | Indicator reworded and assessment clarified |

To view a detailed summary of changes to the module, please click [here](https://d8g8t13e9vf2o.cloudfront.net/Uploads/y/m/z/2020updatesofindicatorsinvestor_747566.xlsx).

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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 PROCESS |

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

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| LEI 01 | **INDICATOR** | | | |
| **LEI 01.1** | 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 +/- 5%** | |
| ❑ 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 and integration strategies | | % | |
| ❑ Thematic and integration strategies | | % | |
| ❑ Screening and thematic strategies | | % | |
| ❑ All three strategies combined | | % | |
| ❑ We do not apply incorporation strategies | | % | |
| **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. | | | |
|  | | | |
| **LEI 01.3** | If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used.  [Optional] | | | |
|  | | | |
| LEI 01 | | **EXPLANATORY NOTES** | |
| LEI 01 | | **The indicator [LEI 01.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.**  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](https://app.powerbi.com/view?r=eyJrIjoiNzE1YWI1OWYtZmYxZi00OGM2LWFmN2QtM2NlZjhmZDliNzk0IiwidCI6ImZiYzI1NzBkLWE5OGYtNDFmMS1hOGFkLTEyYjEzMWJkOTNlOCIsImMiOjh9) available on the Data Portal and the PRI website. | |
| **LEI 01.1** | | 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.  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%.  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. | |
| **LEI 01.2** | | 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.  This indicator may include a discussion of:   * 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** | | [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.   * If this OO LE 01.1 figure is under 10%, you must select "Yes" under "Report on strategy" in OO LE 02.1   [LEI 11 – 13] are triggered if your report in Organisational Overview module in [OO LE 01.1] that you have “Passive” strategies.  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.  Based on the strategy options reported the following logic will then apply:   * ‘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].   • If ‘No incorporation strategies applied’ to 100% of your actively managed listed equities, indicators [LEI 02 - LEI 13] will not be applicable.  [LEI 01.2] will not be applicable if “We do not apply incorporation strategies” is 100% in [LEI 01.1] | |
| **ASSESSMENT** | | | |
| **LEI 01** | | 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. | |

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| LEI 01 | **DEFINITIONS** |
| 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.  The Reporting Framework addresses four ways in which ESG incorporation can be done:   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.   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 | The definitions of the three types of screening in the Reporting Framework are:   1. negative/exclusionary screening: The exclusion from a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria; 2. positive/best-in-class screening: Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers; 3. norms-based screening: Screening of investments against minimum standards of business practice based on international norms. Norms-based screening involves either: 4. defining the investment universe based on investees’ performance on international norms related to responsible investment/ESG factors; or 5. 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 | 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](https://www.unpri.org/listed-equity/a-practical-guide-to-esg-integration-for-equity-investing/10.article) and the [Guidance and Case Studies for ESG Integration: Equities and Fixed Income](https://www.unpri.org/investor-tools/guidance-and-case-studies-for-esg-integration-equities-and-fixed-income/3622.article). |
| For further detail on these definitions, please see separate [Main Definitions](https://www.unpri.org/Uploads/x/l/q/maindefinitionstoprireportingframework_971173.pdf) document. | |

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

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| 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** |
| ❑ 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 02.2** | Indicate whether you incentivise brokers to provide ESG research. | |
| 🔾 Yes | 🔾 No |
| **LEI 02.3** | Describe how you incentivise brokers. | |
|  | |
| **LEI 02.4** | Additional information  [Optional] | |
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| LEI 02 | **EXPLANATORY NOTES** |
| **LEI 02.1** | 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.)  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 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** | In this indicator, you might also wish to describe the actions you take to stimulate ESG research. For example, you could describe if:   * you identify ESG factors 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; and/or * you have a budget for purchasing broker research on ESG factors. |

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| **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 (without incentives) | ★ | Example: LEI 02.1 has one selection, and LEI 02.2 = "No" |
|  | Two types of ESG information (without incentives) OR One type of information and brokers are incentivised on ESG related research | ★★ | LEI 02.1 has two selections, and LEI 02.2 = "No"  LEI 02.1 has one selection, and LEI 02.2 = "Yes" |
|  | Three or more types of ESG information (without incentives) OR Two types of information and brokers are incentivised on ESG research | ★★★ | LEI 02.1 has three selections, and LEI 02.2 = "No"  LEI 02.1 has two or more selections, and LEI 02.2 = "Yes" |

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

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| 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 | 🔾 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 03.2** | Additional information | |
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| LEI 03 | **EXPLANATORY NOTES** | | |
| LEI 03 | **The indicator [LEI 03.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.** | | |
| **LEI 03.1** | 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).  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 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. | | |
| **LOGIC** | | | |
| **LEI 03** | 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’.  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’. | | |
| **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 | ★★★ |  |

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| Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_Orange.png | IMPLEMENTATION PROCESS | 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 04 | MANDATORY | DESCRIPTIVE | PRI 1 |

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| 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 | * 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 * The UN Guiding Principles on Business and Human Rights * International Labour Organization Conventions * United Nations Convention Against Corruption * OECD Guidelines for Multinational Enterprises * Other; specify\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| **LEI 04.2** | Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria. | | |
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| 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** | 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; 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. |

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| LEI 04 | **DEFINITIONS** |
| For the definition of this strategy, please see the [Main Definitions](https://www.unpri.org/Uploads/x/l/q/maindefinitionstoprireportingframework_971173.pdf) document. | |

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

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| LEI 05 | INDICATOR |
| **LEI 05.1** | Indicate which processes your organisation uses to ensure ESG 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. * Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies. * Trading platforms blocking / restricting flagged securities on the black list. * A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions. * A periodic review of internal research is carried out. * Review and evaluation of external research providers. * Other; specify\_\_\_\_\_\_\_\_\_\_\_ * None of the above |
| **LEI 05.2** | Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy. |
| 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| **LEI 05.3** | Indicate how frequently third party ESG ratings are updated for screening purposes. |
| 🔾 Quarterly or more frequently  🔾 Bi-Annually  🔾 Annually  🔾 Less frequently than annually |
| **LEI 05.4** | Indicate how frequently you review internal research that builds your ESG screens. |
| 🔾 Quarterly or more frequently  🔾 Bi-Annually  🔾 Annually  🔾 Less frequently than annually |
| **LEI 05.5** | Additional information  [Optional] |
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| LEI 05 | **EXPLANATORY NOTES** | | |
| LEI 05 | **The indicator [LEI 05.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.**  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**](https://app.powerbi.com/view?r=eyJrIjoiNzE1YWI1OWYtZmYxZi00OGM2LWFmN2QtM2NlZjhmZDliNzk0IiwidCI6ImZiYzI1NzBkLWE5OGYtNDFmMS1hOGFkLTEyYjEzMWJkOTNlOCIsImMiOjh9) available on the Data Portal and the PRI website. | | |
| 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** | [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].  [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].  [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]. | | |
| 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 | ★★ |  |
| Three or more selections | ★★★ |  |

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

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| LEI 06 | INDICATOR |
| **LEI 06.1** | Indicate which processes your organisation uses to ensure fund criteria are not breached. |
| * Systematic checks are performed to ensure that stocks meet the fund’s screening criteria * 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 * Periodic auditing/checking of the organisations RI funds by external party * Other; specify\_\_\_\_\_\_\_\_\_\_\_ * None of the above |
| **LEI 06.2** | If breaches of fund screening criteria are identified, describe the process followed to correct those breaches. |
|  |
| **LEI 06.3** | Additional information  [Optional] |

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| LEI 06 | **EXPLANATORY NOTES** | | |
| **LEI 06.2** | Breaches of fund screening criteria refer to occasions when stocks that should have been excluded are bought.  *Systematic*  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 | ★★★ |  |

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| Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_Orange.png | IMPLEMENTATION PROCESS | 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 07 | MANDATORY | DESCRIPTIVE | PRI 1 |

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| LEI 07 | INDICATOR |
| **LEI 07.1** | Indicate the type of sustainability thematic funds or mandates your organisation manages. |
| * Environmentally themed funds * Socially themed funds * Combination of themes |
| **LEI 07.2** | Describe your organisation’s processes relating to sustainability themed funds.  [Optional] |
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| LEI 07 | **EXPLANATORY NOTES** |
| **LEI 07** | 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 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.  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 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** | 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; 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?). |

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| LEI 07 | **DEFINITIONS** |
| For definition of this strategy, please see separate [Main Definitions](https://www.unpri.org/Uploads/x/l/q/maindefinitionstoprireportingframework_971173.pdf) document. | |

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| Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_Orange.png | IMPLEMENTATION PROCESS | Macintosh HD:Work:PRI:PRI Chevrons for Word:PRI_Chevron_MB_short.png | *C) Implementation: Integration* |

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

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| LEI 08 | **INDICATOR** | |
| **LEI 08.1** | Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis. | |
| **ESG factors** | **Proportion impacted by analysis** |
| 🔾 Environmental | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| 🔾 Social | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| 🔾 Corporate Governance | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| **LEI 08.2** | Additional information  [Optional] | |
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| LEI 08 | **EXPLANATORY NOTES** | |
| **LEI 08** | 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.  All percentages should represent the percentage of the total value of your listed equity holdings that are impacted by each ESG factor.   * **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. | |
| **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** |
| Three ESG factors or less at <10% OR  One ESG factor at 10% or more | 🞈 |
| Two ESG factors at 10% or more | ★ |
| Three ESG factors at 10% or more OR  Two ESG factors at 50% or more | ★★ |
| Two ESG factors at 50% or more AND at least one ESG factor at >90% | ★★★ |

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

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| LEI 09 | INDICATOR |
| **LEI 09.1** | Indicate which processes your organisation uses to ensure ESG integration 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 * Third-party ESG ratings are updated regularly * A periodic review of the internal research is carried out * Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team * ESG risk profile of a portfolio against benchmark * Analysis of the impact of ESG factors on investment risk and return performance * Other; specify\_\_\_\_\_\_\_\_\_\_\_ * None of the above |
| **LEI 09.2** | Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy. |
| 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| **LEI 09.3** | Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated. |
| 🔾 Quarterly or more frequently  🔾 Bi-Annually  🔾 Annually  🔾 Less frequently than annually |
| **LEI 09.4** | Indicate how frequently you review internal research that builds your ESG integration strategy. |
| 🔾 Quarterly or more frequently  🔾 Bi-Annually  🔾 Annually  🔾 Less frequently than annually |
| **LEI 09.5** | 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 were incorporated into investment decisions * Other; specify\_\_\_\_\_\_\_\_\_\_\_\_ * None of the above |
| **LEI 09.6** | Additional information  [Optional] |
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| 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](https://www.unpri.org/listed-equity/a-practical-guide-to-esg-integration-for-equity-investing/10.article). | | |
| **LEI 09.1** | 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.  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**](https://app.powerbi.com/view?r=eyJrIjoiNzE1YWI1OWYtZmYxZi00OGM2LWFmN2QtM2NlZjhmZDliNzk0IiwidCI6ImZiYzI1NzBkLWE5OGYtNDFmMS1hOGFkLTEyYjEzMWJkOTNlOCIsImMiOjh9) available on the Data Portal and the PRI website. | | |
| **LEI 09.5** | 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. | | |
| **LOGIC** | | | |
| LEI 09 | Within indicator  [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].  [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].  [LEI 09.4] will be applicable if you report ‘A periodic review of internal research is carried out’ in [LEI 09.1]. | | |
| **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 | ★★★ |  |

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

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| 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** |
| ❑ Economic analysis | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| ❑ Industry analysis | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| ❑ Quality of management | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| ❑ Analysis of company strategy | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| ❑ Portfolio weighting | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| ❑ Security sensitivity and/or scenario analysis | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| ❑ Fair value/fundamental analysis | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| ❑ Other; specify\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>90% |
| **LEI 10.2** | Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis. | |
| ❑ Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)  ❑ Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)  ❑ Valuation multiples  ❑ Other adjustments; specify\_\_\_\_\_\_\_\_\_\_ | |
| **LEI 10.3** | Describe how you integrate ESG information into your portfolio weighting. | |
|  | |
| **LEI 10.4** | Describe the methods you have used to adjust the income forecast/valuation tool. | |
|  | |
| **LEI 10.5** | Describe how you apply sensitivity and /or scenario analysis to security valuations. | |
|  | |
| **LEI 10.6** | Additional information  [Optional] | |
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| **LEI 10** | **EXPLANATORY NOTES** | | |
| **LEI 10** | The indicator [LEI 10.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.  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](https://www.unpri.org/listed-equity/a-practical-guide-to-esg-integration-for-equity-investing/10.article) and the [Guidance and case studies for ESG integration: equities and fixed income.](https://www.unpri.org/investor-tools/guidance-and-case-studies-for-esg-integration-equities-and-fixed-income/3622.article)  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].  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**](https://app.powerbi.com/view?r=eyJrIjoiNzE1YWI1OWYtZmYxZi00OGM2LWFmN2QtM2NlZjhmZDliNzk0IiwidCI6ImZiYzI1NzBkLWE5OGYtNDFmMS1hOGFkLTEyYjEzMWJkOTNlOCIsImMiOjh9) available on the Data Portal and the PRI website. | | |
| **LOGIC** | | | |
| **LEI 10** | Within indicator  [LEI 10.2] and [LEI 10.4] are applicable if you report ‘Fair value/fundamental analysis’ in [LEI 10.1].  [LEI 10.3] is applicable if you report ‘Portfolio weighting’ in [LEI 10.1].  [LEI 10.5] is applicable if you report ‘Sensitivity and/or scenario analysis’ in [LEI 10.1]. | | |
| **ASSESSMENT** | | | |
| **LEI 10** | Maximum score: Three ★  The assessment of this indicator is based on your responses to [10.1]. | | |
| **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” | ★★★ |  |

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| 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. |

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

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

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| LEI 11 | INDICATOR | |
| **LEI 11.1** | Indicate if you manage passive listed equity funds that incorporate ESG factors in the index construction methodology. | |
| 🔾 Yes | 🔾 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)** | |
| 🔾<10% 🔾 10-50% 🔾 51-90% 🔾>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] | ❑ Screening  ❑ Thematic  ❑ Integration of ESG factors  ❑ 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] | |
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| 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](https://www.unpri.org/Uploads/x/l/q/maindefinitionstoprireportingframework_971173.pdf) document. For definitions of ESG incorporation in passively managed funds, please refer to the [Main Definitions](https://www.unpri.org/Uploads/x/l/q/maindefinitionstoprireportingframework_971173.pdf) document. |
| **LOGIC** | |
| **LEI 11** | 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].  Within this indicator, if ‘Yes’ is reported in [LEI 11.1], [LEI 11.2] and [LEI 11.3] will be applicable.  Indicators [LEI 12-13] will be applicable if ‘Yes’ is reported in [LEI 11.1]. |

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| SECTION |
| Outputs and outcomes |

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

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| 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. | Specify the percentage reduction (+/- 5%) |
|  | % |
| **Thematic** | |
| Describe any alteration to your investment universe or other effects. | |
|  | |
| **Integration of ESG factors** | |
| 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  ❑ Engagement / Voting  ❑ Other; specify \_\_\_\_\_\_\_\_\_\_\_  ❑ None of the above | |
| **Index incorporating ESG factors (for passively managed funds)** | |
| Describe the influence on composition or other effects. | |
|  | |
| **LEI 12.2** | Additional information  [Optional] | |
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| LEI 12 | **EXPLANATORY NOTES** |
| **LEI 12** | **The indicator [LEI 12.1] is aligned with the OECD Responsible Business Conduct for Institutional Investors recommendations.**  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**](https://app.powerbi.com/view?r=eyJrIjoiNzE1YWI1OWYtZmYxZi00OGM2LWFmN2QtM2NlZjhmZDliNzk0IiwidCI6ImZiYzI1NzBkLWE5OGYtNDFmMS1hOGFkLTEyYjEzMWJkOTNlOCIsImMiOjh9) available on the Data Portal and the PRI website. |
| **LEI 12.1** | 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 factors that have affected individual investment views, decisions and performance under indicator LEI 13. |
| **LOGIC** | |
| **LEI 12.1** | [LEI 12.1] will be applicable if either  (1) you reported ‘Yes’ to [LEI 11.1] or  (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].  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]. |

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|  | Indicator status | Purpose | Principle |
| LEI 13 | VOLUNTARY | DESCRIPTIVE | PRI 1 |
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| 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] | * 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] |
| [same as above] | [same as above] | [same as above] |
| **LEI 13.2** | Additional information | | |
|  | | |
|  |  | | |
| LEI 13 | **EXPLANATORY NOTES** | | |
| **LEI 13** | 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 factors were incorporated.  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).  **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”.  **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 13.1** | 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].  [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]. | | |