

PRI INVESTOR DATA NEEDS ENGAGEMENT NOTE

This note summarises the feedback received from PRI signatories on the Investor Data Needs Framework through workshops between November and December 2023 and accompanying survey held in early 2024. The following sections provide an overview of the engagement, a high-level summary of the feedback received, key areas of future research and next steps for the PRI.

OVERVIEW OF ENGAGEMENT

The workshop series was a part of PRI's consultation on the Investor Data Needs Framework, which was [published](#) in June 2023¹. In total we engaged 52 individuals from 39 signatories through participation in one or more of the following workshops:

- Introductory workshop, which introduced the key concepts of the framework;
- Human rights and social issues workshop, which gathered feedback on the relevance of data for decision-making and reporting, from the context of human rights related data; and
- Nature workshop, which gathered feedback on the relevance of data for decision-making and reporting, from the context of nature related data.

A short online survey was also sent to workshop participants to gather: (i) feedback on the framework, including next steps for the research; and (ii) any feedback on the workshop series. It was completed by 15 individuals from 13 signatories (i.e. approximately 33% of signatories that attended the workshops).

¹ For more information on the consultation, please refer to the consultation page: <https://www.unpri.org/driving-meaningful-data/consultation-on-the-pri-investor-data-needs-framework/11535.article>.

FEEDBACK

Overall, feedback was positive on the workshop series, particularly the use of breakout sessions and the opportunity it gave signatories to engage with their peers on data needs. Feedback received on the structure and content of the workshops will be taken on board for future engagement with signatories.

The following subsections summarise feedback on the framework, structured around the questions posed to signatories in the workshop breakout rooms. As a reminder, Box 1 summarises key points on the purpose and scope of the framework.

Box 1: Summary of the Framework's purpose and scope

- Purpose – To inform PRI's engagement with standard setters and regulators through a structure to identify decision-useful corporate sustainability data for responsible investors.
- Data – the framework applies a broad definition of corporate sustainability data. This includes: a single data point or a dataset, the range of characteristics of data (e.g. irrespective of whether this is quantitative or qualitative data) and the range of channels through which data is transmitted to investors (whether from company reporting, from data providers, through engagement etc.).
- Issue-agnostic – the framework is agnostic of sustainability issues, but is a process to structure PRI's thinking on data needs to help the PRI develop positions on issues like human rights and nature related data.
- Responsible Investors – the framework is applicable to the full range of PRI's signatories, irrespective of their investment objectives, jurisdiction etc. However, given the purpose to inform corporate sustainability data, the framework focuses on the following asset classes: listed equities, private equity, corporate debt and private debt. Similarly, the application of the framework is geared towards informing the aggregate data needs of responsible investors, which would not account for nuances among individual investors.
- Terminology in the framework – the framework was developed to communicate with standard setters and regulators, and to build on existing language and literature. This means, that some terms and concepts (e.g. fair representation) have been adopted given their use by standard setters even though they may not be used by investors.

DEFINITIONS OF KEY TERMS

The key terms tested were on the requirements for decision-useful information, as set out in the framework. Overall, the feedback from signatories was that most of the terms were clear as high-level summaries of the concepts, but some of the terms would benefit from some clarification to avoid misinterpretation of specific concepts. The table below sets out all definitions discussed, with changes based on signatory feedback highlighted in blue. The reasoning for the changes are as follows:

- Availability - to clarify the scope, to include corporate sustainability data from other entities, which may fall under the classification of data providers (e.g. NGOs and satellite data

providers). The PRI did not distinguish between these types of data as it was understood that they are not within scope of the framework (i.e., not a part of corporate sustainability reporting) even though they inform the wider set of data on investment decision-making (e.g. for human rights and nature). However, signatories clarified that at times the reporting from these ‘other’ providers could come via corporate reporting. Given the importance of these data for some sustainability issues, we also see the benefit of including these entities in order to expand the framework in time beyond just corporate sustainability data. *Text added to include other organisations.*

- Verifiability – to clarify what the term ‘corroborated’ means in practice. As set out in more detail in the report (see page 14), corroboration of the information would require that data is at the very least transparent (i.e. of the underlying processes, metrics and methodologies) but could extend to include some form of third-party verification or assurance of the report or individual data points. *Text added to clarify these points.*
- Relevance – to clarify how the materiality of the investees’ sector, geography etc. is accounted for under relevance. Signatories recognised that the definition currently focuses on responsible investment processes but commented that (investee) materiality is distinct to the results of these processes.

Within the framework, materiality of the investee is embedded within the concept of relevance as we see a circularity between what investors need to inform their investment processes and what an investee’s management identifies as material². However, we recognise that the current definition is focused on the process, so *updates are made to the text to clarify the role of materiality of the investments as identified by the investee companies.*

In addition, we note that the definition of relevance was the only one on the list to refer to ‘individual investors’, rather than investors (i.e., in plural). *Text edits made to ensure consistency with the remaining terms.*

Table 1: Definitions of key terms (changes in blue)

Term	Original definition
Availability	Data is available if it is produced (by companies, data service providers or other organisations) and is accessible to investors.
Sufficient quality	Data is of sufficient quality if it is a faithful representation of what the company intends to report, comparable across multiple dimensions and verifiable by investors.
Fair representation	The data should, to the extent possible: (i) include all (material) data for the user to understand the risks, opportunities and impacts (where relevant); (ii) be unbiased in the selection of the data; and (iii) be free from error.

² For example, the investment strategies and activities would first define the investable universe (including based on sustainability performance, e.g. based on red-line screening). Based on this universe, investors would be informed by what management deems as material, but also have their own perspective on materiality for a company, sector or geography – for example, informed by the SASB materiality map.

Term	Original definition
Comparability	The data should be consistent across multiple dimensions in order for investors to identify and understand similarities and differences across their portfolios. Dimensions that individual investors may consider include consistency across individual investees (or business entities), asset classes, sectors, geographies and timeframes.
Verifiability	Investors should be able to corroborate the data, or identify the underlying data used to derive it. Meaning that the data should (at the very least) be transparent and, where possible, include third-party verification or assurance.
Relevance	For data to be relevant, it must meet the specific requirements for the individual investor's tasks in its investors' responsible investment process and to produce their investment disclosure. As a result, it must account for the material risks, opportunities and (where appropriate) impacts and dependencies of their investments.
Investment strategies	The process that structures investors' implementation of their responsible investment activities.
Investment activities	The activities that responsible investors would consider in their investment process and reporting.
Data characteristics	The requirements for the investment activities implemented under each investment strategy and include the type of data (e.g., contextual), the nature of the data (e.g., quantitative), the time horizon of the data (e.g., historic) etc.

PRIORITISATION OF THE REQUIREMENTS

Feedback was gathered on the prioritisation of the three (primary) requirements in the framework for decision-useful data, where data must be: available, of sufficient quality and relevant. We requested this feedback to inform our prioritisation of future research to refine our understanding of each requirement (e.g. on quality, whether to explore investors' required level of assurance).

Signatories differed in how they ranked these requirements, but the overarching sentiment was that ranking/prioritising the requirements was unnecessary, as there are interdependencies between all three requirements for data to be decision-useful to investors:

- Availability – without the data available it would not be possible to implement investment decision making;
- Sufficient quality – if not of sufficient quality, it cannot inform investment decision making nor can it be disclosed externally without raising reputational concerns; and
- Relevance – if not relevant, it cannot (by definition) inform investors' investment decision making or disclosure.

Although there was a minimum expectation across signatories for all three requirements, there was recognition among some signatories that they may accept short term compromises on availability and sufficient quality as long as the data is relevant. In particular, signatories were willing to accept 'lower' quality data, especially when tackling nascent issues like nature and human rights related data. For example, not requiring assurance of all data or accepting company specific data even if it is not

comparable to its peers. Similarly, previous engagement has indicated that beyond ensuring the data is available and machine readable, investors are willing to be flexible about the exact form and format for their data infrastructure. Relevance of data remains an area that investors cannot compromise on, given its role in investment decision-making.

As the purpose of the framework is to inform engagement on corporate reporting standards that will increasingly tackle standardisation of reporting in these nascent areas, the PRI will aim to ensure that all three requirements of data are met in practice. However, as set out below, the PRI's research in the coming year will prioritise the relevance of the information, given: (i) limited resources to tackle research on availability and quality in parallel; and (ii) the importance of expanding the PRI's understanding of relevance for investors' decision-making on sustainability-related issues.

INTERPRETTING THE RELEVANCE OF DATA

The discussion on relevance of data was held in the context of human rights and nature related data, to provide signatories with a practical context to test the wider concepts in the framework. Discussions in the workshop breakout rooms covered: how specific investment activities are implemented in practice by signatories; the types of data they require; and (depending on the workshop) whether the expected reporting from the Taskforce for Nature-related Financial Disclosure (TNFD) is decision-useful or how human rights data would inform other parts of the investment decision-making process.

A lot of great points were raised by signatories on how they use human rights and nature-related data in their investment decision-making processes. These comments will inform PRI's future research on data needs on these issues. However, in order to maintain the confidentiality of signatories and given the focus of this note on the implications on the overall framework, the below summary focuses on key high-level messages/feedback on the framework:

- The framework must provide more clarity on how it defines the investment decision-making process for the range of responsible investors – for example, it was clear from the breakout discussions that a fully 'integrated' investment decision-making process is not the reality for all investors: in practice, responsible investment activities may not be implemented in one team within an investor, may not be implemented in one part of the investment chain or could even be completed by data providers³. The report sets out a flexible approach to defining relevance, but this currently leaves the range of investment activities far too broad that decision-useful information can only be defined at a very high level. Although this was a very useful starting point for the research, *the PRI will now refine the framework to focus on a more granular definition (or definitions) of investor's decision-making processes.*
- When applying the framework, it is important to recognise that the same data is ultimately used throughout the investment decision-making process – this thinking is implicit in how the concept of relevance has been applied to develop what the report defines as 'minimum requirements' (see [pages 21-23](#)), but the framework's focus on investment activities risks multiplying effort to define data if the flow of information is not recognised from the beginning.

³ For example, some signatories indicated that apply certain data products means that they implicitly take on board the data provider's assessment of materiality.

The framework will be refined to accommodate for how data is practically used in the investment decision-making process.

- The framework should capture that not all investors are directly involved in stock picking – much of the focus in the framework is on investment decision-making, but does not recognise that not all investors are directly involved in selecting specific investments and instead may direct external managers. *The framework will be refined to account for the specific needs of this part of the investment chain.*
- The key role of the framework to signatories will be when it is applied to sustainability issues – feedback received indicated that much of the discussions in the workshops around the framework remained very conceptual and requires more tangible content on what this means on each issue. As noted during the sessions, *this application remains a key part of future research for the PRI.*
- The framework should capture or accommodate for integrated thinking on multiple sustainability-related issues – a number of signatories noted that their internal assessment methodologies on ESG simultaneously cut across multiple ESG issues when assessing their investments (although not necessarily capturing trade-offs between these issues), while others recognised the importance of addressing cross-issue themes like climate transition in their investment decision-making. In general, *the PRI recognises the importance of accommodating for these links and will ensure that multiple ESG issue experts will be involved when developing data needs positions.*
- The framework must apply to both the public and private markets – some signatories noted that some of the requirements may be interpreted differently (e.g. on availability) or may not be feasible (e.g. on comparability) in the private markets. The framework was developed with the understanding that there are common data needs across the public and private markets, but availability of data is the primary data constraint for private equity and debt investments. *The PRI will test this hypothesis in investor data needs research in the private markets.*

FUTURE AREAS OF RESEARCH

The planned actions to take on board signatory feedback are summarised across the following three areas.

1. REFINING THE FRAMEWORK

This refers to refinements to the current data needs framework. The primary work on this area will be integrating the revised definitions and refining the approach to relevance in light of the comments listed above. Although we remain very early on in our thinking to revise this approach, our proposed solution will be to develop a selection of ‘profiles of investment activities’ to define multiple investment processes determined by different contexts – e.g. in private markets, focused on a risk-return objective only, focused on impact investing⁴.

⁴ Feedback from the survey indicated interest in refining thinking around investor impact, given the number of signatories that highlighted the importance of activities such as ‘Measuring alignment with achieving wider sustainability goals’ and a strong steer to expand the framework to consider impact and thematic strategies.

We will be spending the next year to define, test and iterate these 'profiles', which will be informed also by the PRI's ongoing work on progression pathways⁵ and will run in parallel with our planned work on sustainability issues (see below). The intention of this exercise will not be to capture a comprehensive picture of all signatories' data needs, but to reflect a range of data needs within the signatory base to inform the various 'gaps' in standard setting engagement.

As noted earlier, potential research to refine the concepts of availability (particularly accessibility⁶) and sufficient quality (particularly verifiability) have not been prioritised for the upcoming year, given the range of other projects currently planned under the DMD programme.

2. APPLYING THE FRAMEWORK

As noted during the workshops, the primary application of the framework is to develop issue-specific data needs positions on:

- Nature related data, to inform our thinking on the disclosure requirements of the Taskforce on Nature-related Financial Disclosures (TNFD) and (in particular) our position on how the TNFD disclosure recommendations could be integrated into any future ISSB standard on nature or new nature-related disclosure regulation.
- Similarly on human rights and social related data, this too would be to inform any future ISSB standards on human rights, any regional regulations on human capital (e.g. the long-planned SEC rule on human capital) and any future engagement with the Taskforce on Social and Inequality-related Financial Disclosure (TISFD).

In addition, there was strong steer in the survey responses from signatories⁷ that we should expand the application to consider the data needs for physical climate risks. This will be an area we will consider for future work.

As noted earlier, another area to apply the framework is to data needs in the private markets⁸. Based on feedback received from signatories this could also be used to inform PRI's engagement with private market data initiatives like the PRI-supported ESG Integrated Disclosure Project (ESG IDP) and the ESG Data Convergence Initiative (EDCI).

3. EXPANDING THE FRAMEWORK

Based on signatory feedback, the key potential area of expansion identified was to consider processed data from data and service providers. This has not been prioritised for the upcoming year, given the priority of the range of other projects currently planned under the DMD programme.

⁵ For more information on the draft Progression Pathways, please see: <https://www.unpri.org/progression-pathways/progression-pathways-advancing-responsible-investment-practices-among-pri-signatories/11845.article>

⁶ The topic of expanding the concept of accessibility (i.e. to inform investors' data infrastructure) received mixed results in the survey and was not an issue that was explicitly raised during the workshops.

⁷ There was general support for this choice, as the majority of respondents (approx. 53%) selecting this in the top three preferred areas (out of nine), while very few rated this as a low priority – only approx. 13% selected this in the bottom three.

⁸ There was some variation in signatory preference for this choice. A large portion of survey respondents ranked this area highly – this choice was ranked in the top three preferred areas (out of nine) among 60% of responses (i.e. for 9 responses) – but most of the remaining respondents ranked this near the bottom (approx. 30% of responses).

NEXT STEPS

The PRI appreciates all the time and input from signatories throughout the workshop series.

In addition to signatory feedback we have also received the following high-level comments from other stakeholders:

- From a standard setter – generally positive comments on the investor data needs framework, but they flagged that in order to make this more practical for standard setters, the framework’s implementation of relevance needs to be simplified to be easier to communicate, but remain practicable to assess the range of responsible investors. In addition, they highlighted strong interest in the planned research on issue-specific data needs (on human rights and nature in particular) to inform any future standard setting developments. *This is in line with the feedback we’ve taken on board from signatories.*
- From a corporate industry body – generally positive comments and interest among its members is for a more practical understanding of investors data needs. For example, a better understanding of why investors are asking for specific data points and how they can ensure the data is decision-useful for investors. Although not the target audience for the framework, we see this as an important perspective to consider. *Again, this is in line with the feedback to provide a more granular definition of the decision-making process.*

This range of feedback and regulatory / standard setting developments (e.g. the ISSB’s final decision on its research projects) will inform the PRI’s work programme on investor data needs for 2024/25. For any further comments or questions on the data needs framework or this note, please feel free to reach out to Adams Koshy (adams.koshy@unpri.org).