WHO DOES THIS MODULE APPLY TO?

The listed equity module is designed for signatories who invest directly in listed equity and implement responsible investment for at least some of those assets.

It is not applicable to investors who exclusively use external managers for their responsible investment in listed equity. They will instead report this in the external investment manager selection, appointment and monitoring (SAM) module.

This module seeks information at the organisational level and for listed equity investments in aggregate; reporting should be done for all listed equity AUM and not focus on one fund or product.

It is mandatory to complete this module for signatories who have either 10% of their AUM, or US$10bn or more, directly invested in listed equity in the relevant reporting year.

The listed equity strategies that can be reported on in this module include:

- Passive equity
- Active - Quantitative
- Active - Fundamental
- Investment Trusts (REITs and similar publicly quoted vehicles)
- Other

MODULE HIGHLIGHTS:

- Indicators on stewardship - specifically voting. Engagement and other stewardship activities will feature in the firm-level Investment & Stewardship Policy (ISP) module.
- A focus on the ESG information used in incorporation strategies and the robustness of investment decision making.
- A focus on understanding whether there are robust measures in place to ensure screening is performed as intended.
- Indicators on security lending programmes focus on public voting policies, how voting is addressed and what exclusions are applied.
- A focus on encouraging more transparency in the passives industry.
- New indicators on transparency and communication to clients and beneficiaries on responsible investment practices.
- Elements of thematic approaches are covered in the Sustainability Outcomes module (more information to follow).
- ‘Plus’ questions to outline best practice or innovative examples for ESG incorporation.

More information on how to incorporate ESG in listed equity, including practical guides, tools and case studies, can be found on the PRI's dedicated listed equity webpage.

The module's explanatory notes will provide additional guidance and resources at an indicator level.
RESULTS OF THE REPORTING FRAMEWORK REVIEW

SIMPLER AND MORE CONSISTENT
- There are fewer indicators and sub-indicators than in previous years.
- We removed indicators that were largely descriptive, process-oriented, required overly detailed responses, prone to misinterpretation and geared towards what signatories are doing rather than how.
- The fixed income and listed equity modules are aligned, where applicable.

EVOLVED AND MORE CHALLENGING
- The module is still process-oriented but is focused on how robust ESG incorporation processes are, and whether they are consistently applied to all listed equity AUM.
- Signatories will be required to indicate the depth of activities for some indicators or the AUM coverage for a practice (this has been detailed in the module overview below).
- Signatories have more space to report on their (proxy) voting policy, shareholder resolutions, practices and disclosure.

52% decrease in number of indicators\(^1\) compared to 2020

MODULE OVERVIEW

The listed equity module consists of the following\(^2\) sections and sub-sections:

<table>
<thead>
<tr>
<th>PRE-INVESTMENT PHASE</th>
<th>POST-INVESTMENT PHASE</th>
<th>REPORTING/DISCLOSURE</th>
<th>STEWARDSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>(12 INDICATORS)</td>
<td>(4 INDICATORS)</td>
<td>(2 INDICATORS)</td>
<td>(17 INDICATORS)</td>
</tr>
<tr>
<td>Materiality analysis (Indicate AUM coverage)</td>
<td>Performance monitoring PLUS</td>
<td>Sharing ESG information with stakeholders (Indicate AUM coverage)</td>
<td>Voting policy (Indicate AUM coverage)</td>
</tr>
<tr>
<td>Long-term ESG trend analysis (Indicate AUM coverage)</td>
<td>ESG risk management (Indicate AUM coverage)</td>
<td></td>
<td>Alignment and effectiveness PLUS</td>
</tr>
<tr>
<td>ESG incorporation</td>
<td>Passive equity</td>
<td></td>
<td>Security lending policy</td>
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<tr>
<td>Assessing ESG performance</td>
<td></td>
<td></td>
<td>Security lending exclusions</td>
</tr>
<tr>
<td>ESG incorporation in portfolio construction PLUS</td>
<td></td>
<td></td>
<td>Shareholder resolutions</td>
</tr>
<tr>
<td>ESG risk management</td>
<td></td>
<td></td>
<td>Pre-declaration of votes</td>
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<tr>
<td></td>
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<td>Voting disclosure post AGM/EGM</td>
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<td></td>
<td>Example PLUS</td>
</tr>
</tbody>
</table>

\(^1\) The percentage change in the listed equity indicators considers the total number of indicators in the listed equity incorporation (LEI) and listed equity active ownership (LEA) modules in the 2020 Reporting Framework, also reflecting the indicators on stewardship that cover firm-wide responsible investment practices (including an additional 13 core indicators, and 7 plus stewardship indicators in the firm-level module).

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