

Evolving PRI Reporting: progress update and Q&A

May 2020



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Agenda

- **The Reporting and Assessment review**
- **Second consultation phase**
- **‘Core’ and ‘Plus’ model**
- **New Reporting Framework**
- **Next steps**
- **Resources**
- **Q&A**

PRI's Principles and mission

Designed with investors, for investors

PRI's Six Principles

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.**



PRI's mission

“We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.”

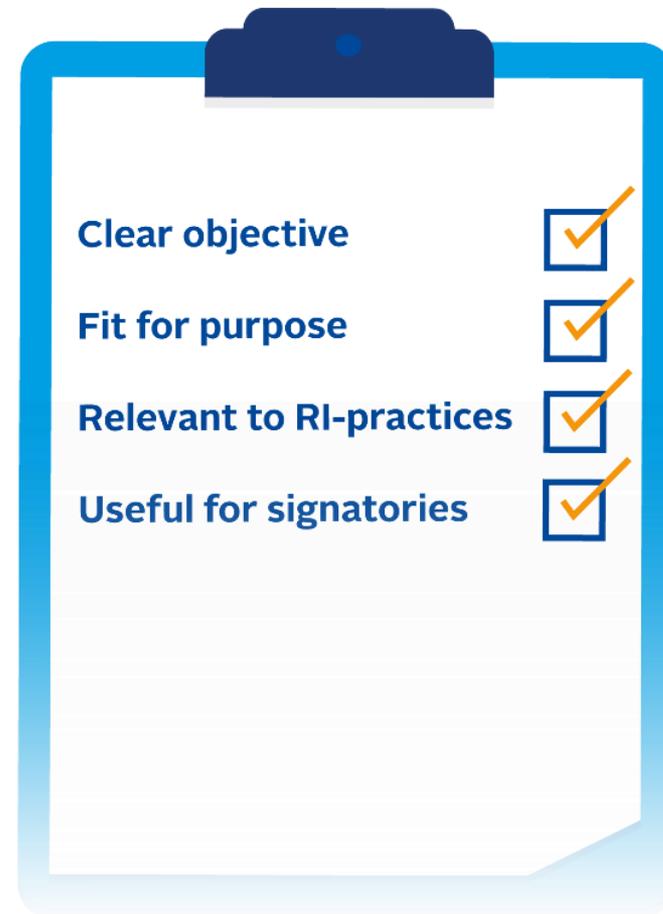
The Reporting and Assessment Review

Reporting and Assessment review

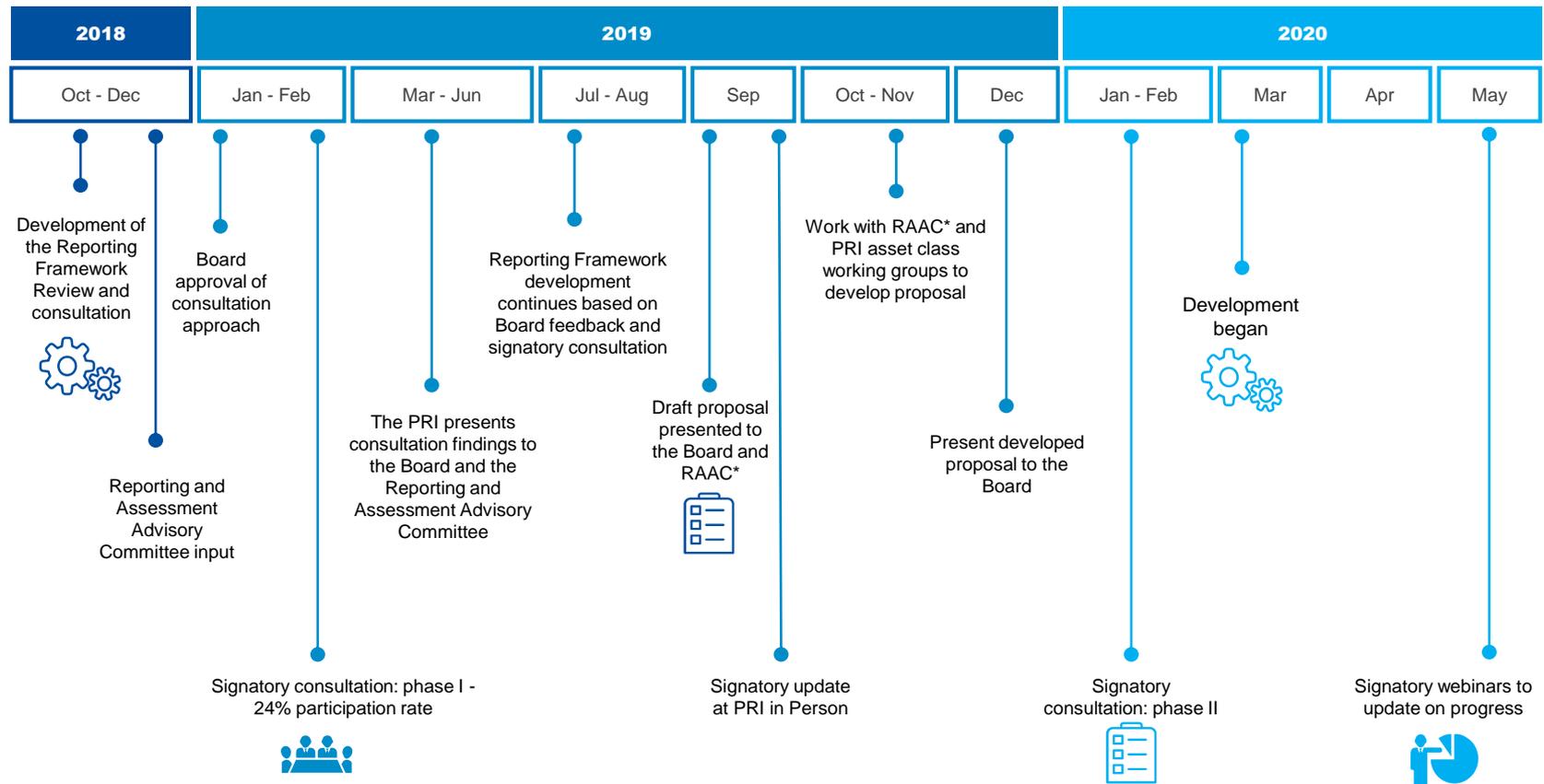
First time since 2012.

Aim of the review

Ensure that reporting and assessment....



The review: steps so far



* Reporting and Assessment Advisory Committee

First consultation phase

Engaging with signatories

Extensive and detailed

Broad range of reporting and assessment themes

What works and what needs improving

260

Survey responses:

11% of all signatories



350+

Workshops:

17 cities



145

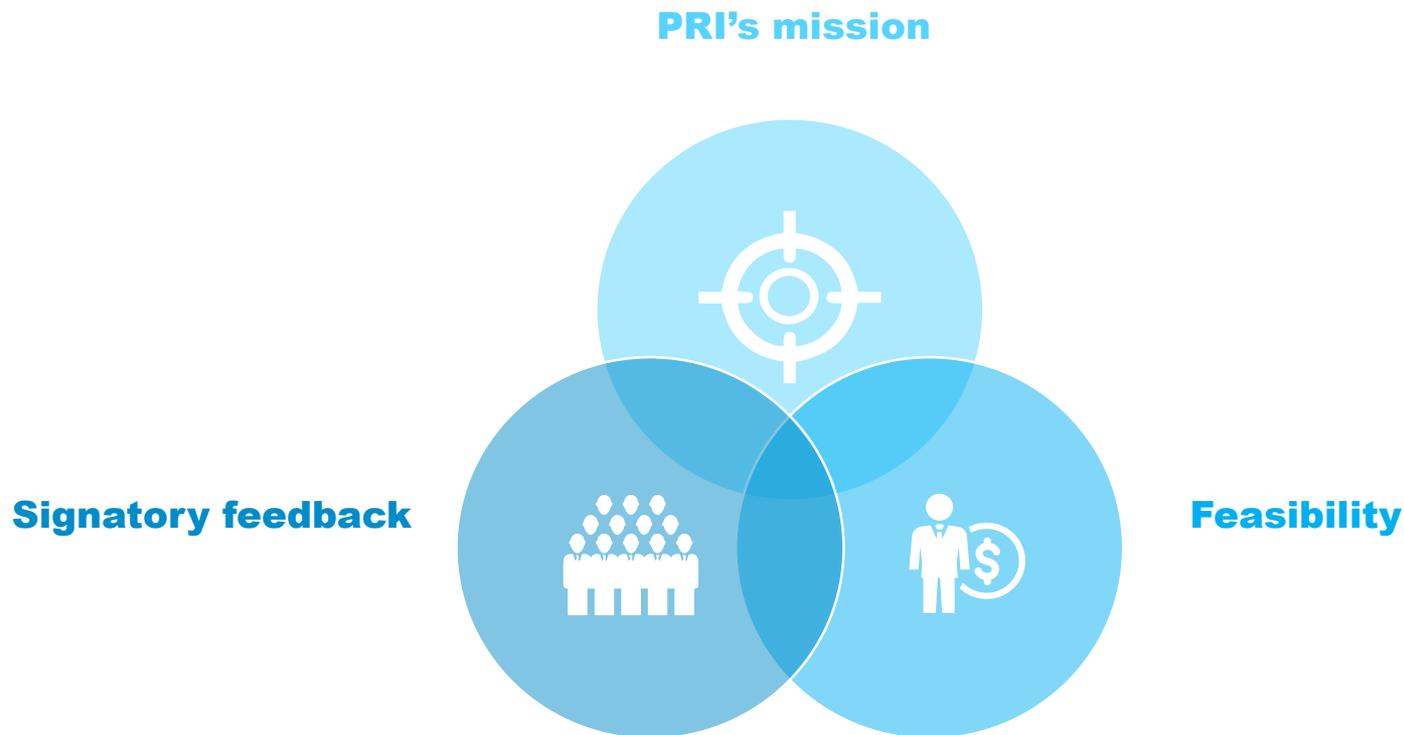
Webinars:

Asia, Americas, service providers and Spanish language



Framework must balance several perspectives

The future Reporting Framework should consider PRI's mission, signatory feedback and feasibility

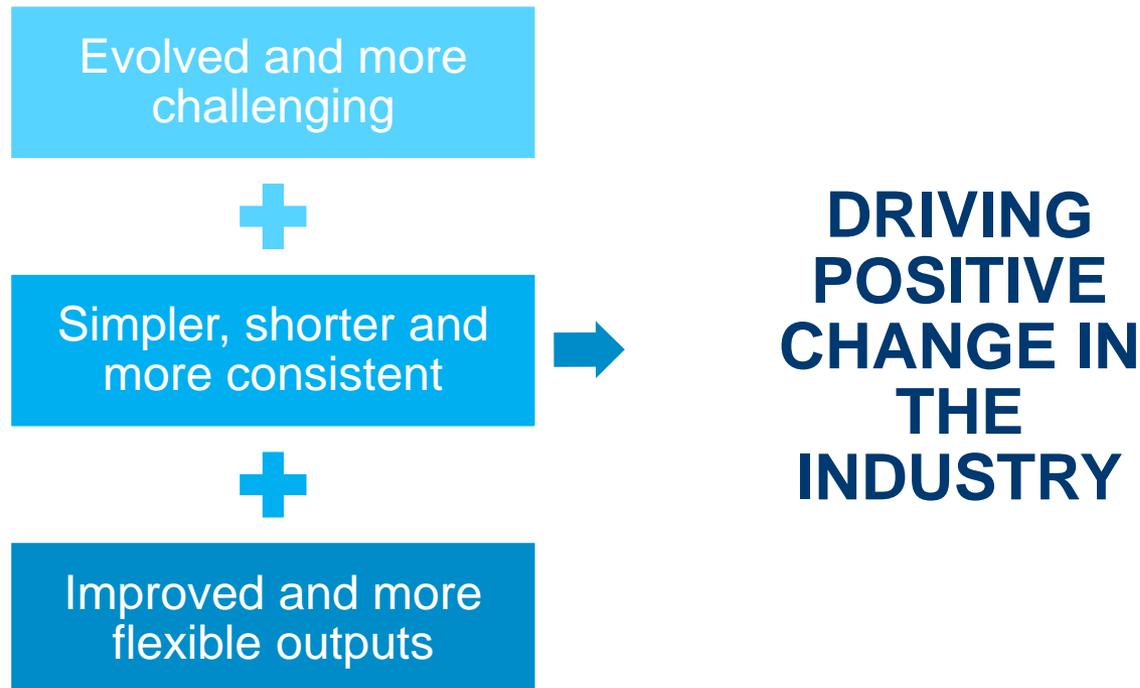


Second consultation phase

Signatory feedback

A guide to Reporting Framework development

To ensure that signatory feedback and the overarching goal of driving positive change (in line with PRI mission and 10-year Blueprint) in the investment market is embedded in an improved Reporting Framework.



Second consultation phase

The proposal of what a new Reporting and Assessment framework could look like



267

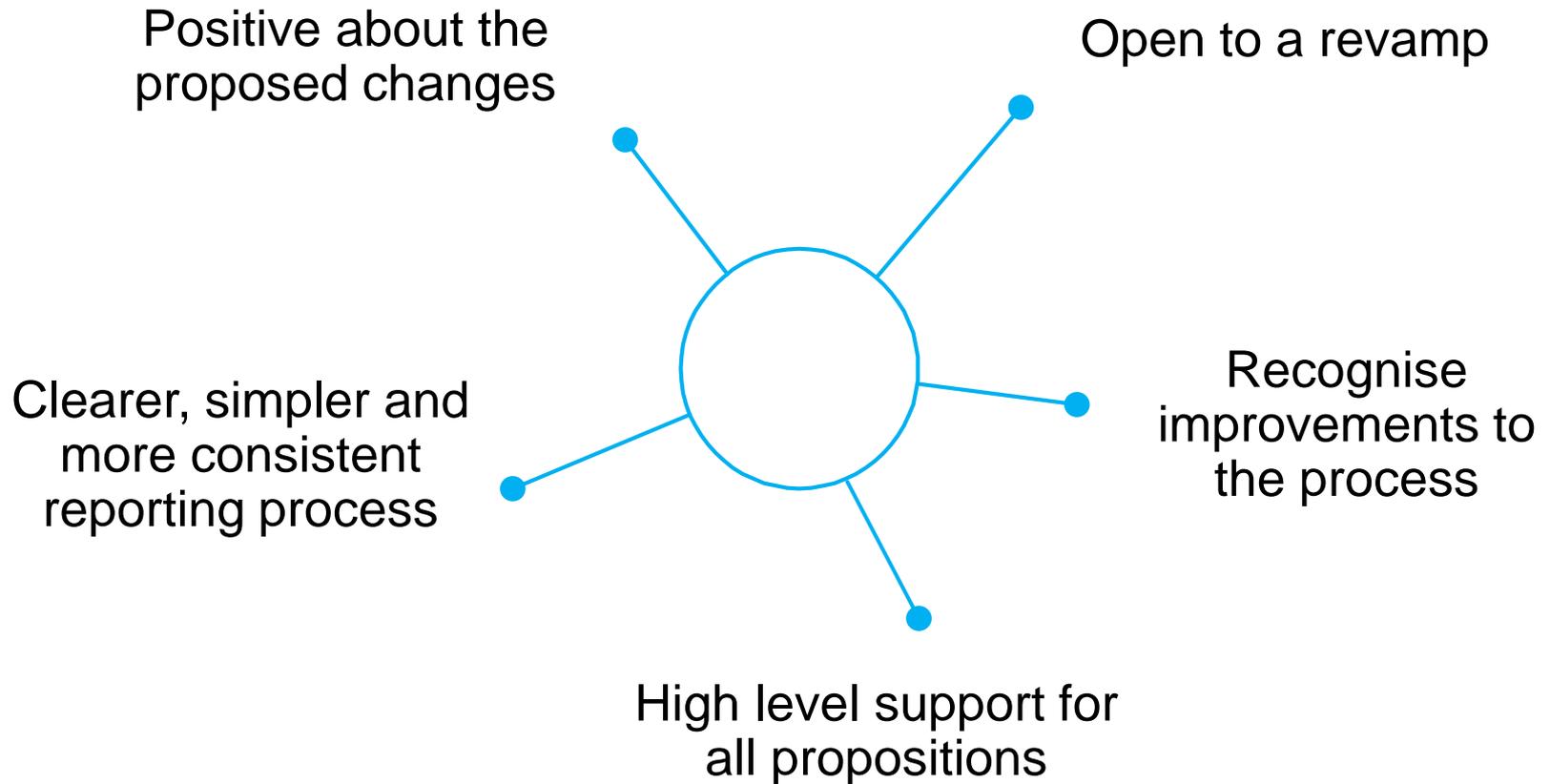
Survey: 
9% of all signatories

The survey included 10 closed questions and 10 optional, open-ended responses

[See here for a summary of the consultation results](#)

Overall feedback

Signatories who responded to the consultation survey are positive about the proposed changes



Signatory feedback

We are mindful of the varying impacts the proposed changes could have on signatories



Information

Many are still **uncertain** about what the 'core' and 'plus' model looks like



Outcomes

Many require more **clarity** on the inclusion of real-world outcomes in the 'core' and 'plus' model

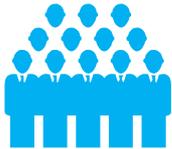


Leadership

Some signatories expressed concern that the proposed changes may impact the **identification of leading practices**

Signatory feedback

We are mindful of the varying impacts the proposed changes could have on signatories



Resources

A sense that the new framework might require more **time and effort** to fulfil the PRI reporting requirement



Assessment

Signatories require more detail on how the **recalibration** would work in practice



Transparency

Points were raised about the varying levels of **transparency** and **accountability** that the shorter, customisable reports would allow for

The 'Core' and 'Plus' model

'Core' and 'Plus'

Indicator characteristics

The new Reporting Framework has mandatory and voluntary indicators, grouped into two components – **'core'** and **'plus'**.



CORE

- Mandatory
- Public
- Relatively stable
- Process-focussed
- Closed-ended questions
- Assessed

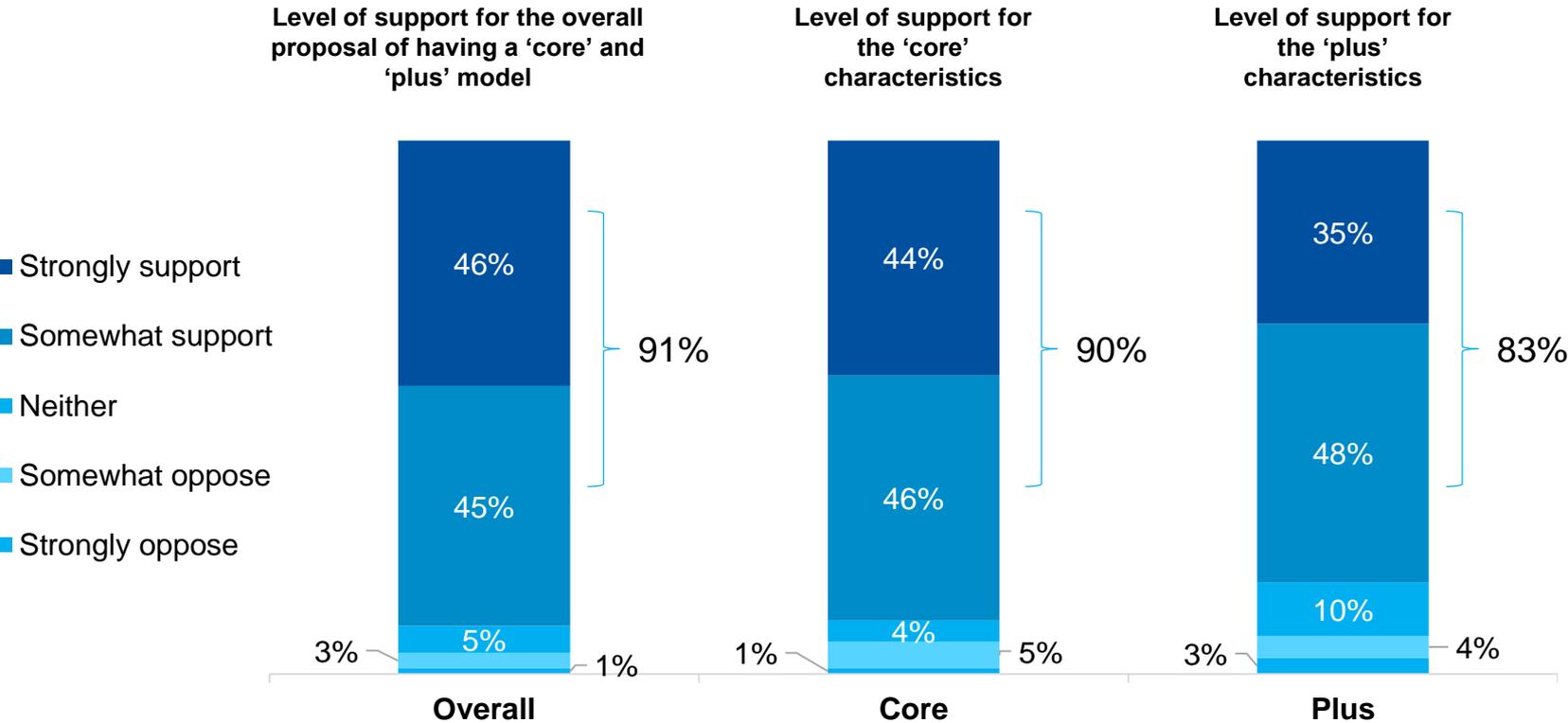


PLUS

- Voluntary
- Public or private (signatories' choice)
- Evolving
- Process- and outcomes focussed
- Mostly open-ended questions
- Not assessed

Level of support for the core/plus model

The majority of survey responders were in favour of the proposed transition to a 'core' and 'plus' model for reporting



Base: All respondents (267) Q1. Please indicate your level of support for the overall proposal of having a 'core' and 'plus' model. Q2. Please indicate your level of support for the 'core' characteristics. Q3. Please indicate your level of support for the 'plus' characteristics.

New Reporting Framework

Structure and flow

Types of questions in the framework

Focus on process and real-world outcomes

Processes

- **How** ESG factors are incorporated
- **How** outcomes are assessed and understood

Outcomes

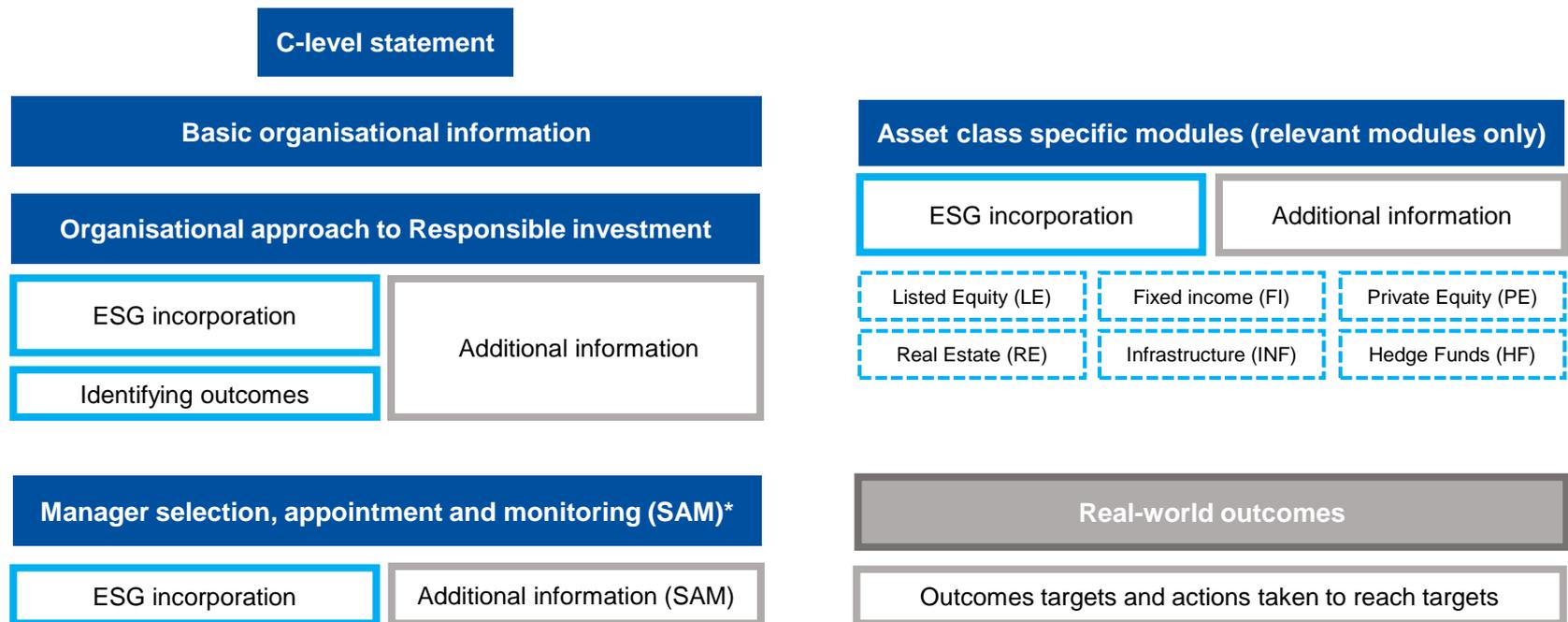
- **What** these outcomes are



The PRI's 10-year strategy, developed with and for signatories, calls for a focus on tracking outcomes and measuring real-world outcomes. As outlined in the [Blueprint](#), the Sustainable Development Goals can be used to measure how responsible investment contributes to tangible ESG improvements in the real world.

Reporting Framework structure

The 'core' and 'plus' characteristics will be integrated throughout the Reporting Framework



* for investors who outsource some or all of their investment activities to external managers



Identifying leading practices

The 'plus' component will support the identification of signatories for the annual PRI Leaders' Group



CORE

- Governance
- RI implementation
- Transparency



More
challenging



PLUS

- Additional screening criteria
- Dependent on the Leaders' Group theme
- Advanced RI practices

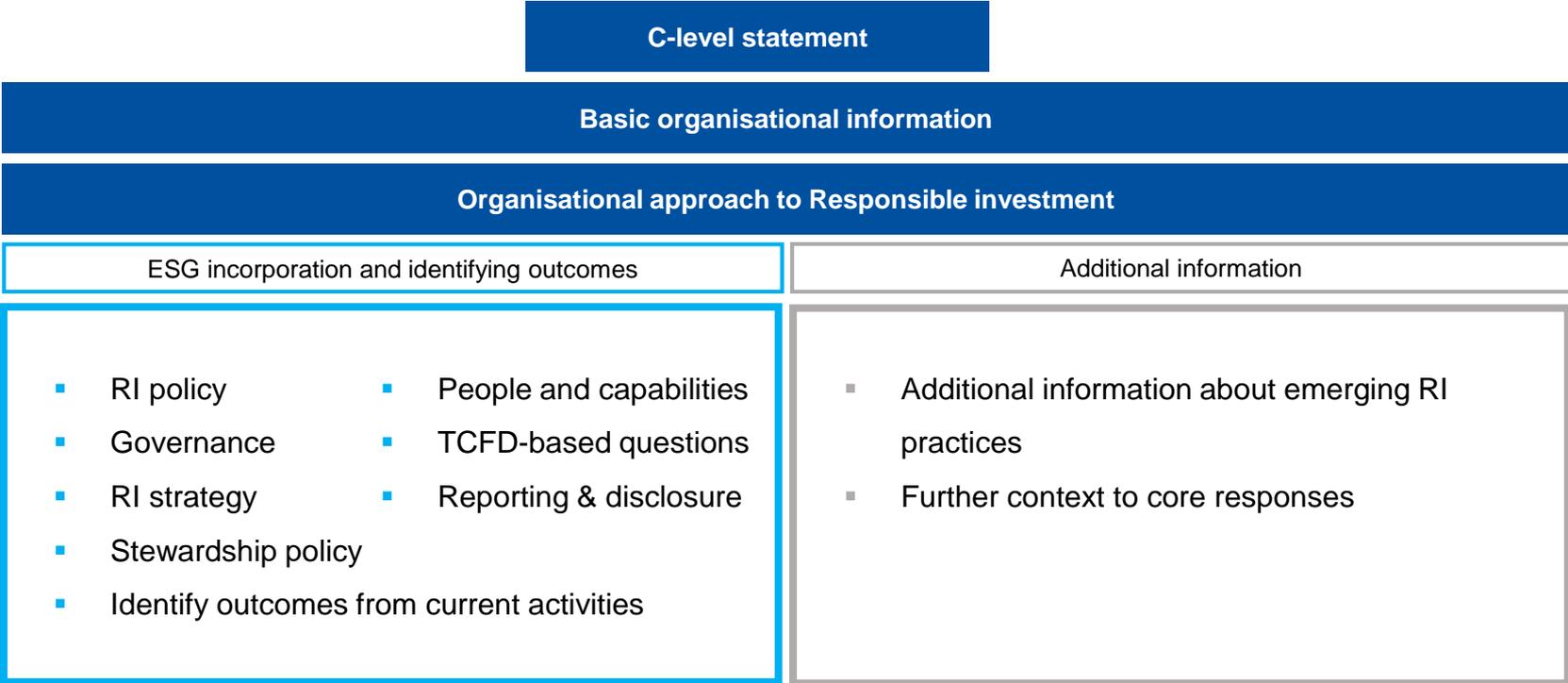
C-level (or equivalent) statement

Two sections with 500 words limit for each.

C-level statement	
Who we are	What's new
<ul style="list-style-type: none">▪ Business overview and history▪ General approach to RI▪ Compare and contrast general and product/team-based approaches▪ Governance on RI implementation and accountability▪ How the ESG/RI approach stands out	<ul style="list-style-type: none">▪ What's changed in the past year▪ Highlighted areas of progress in RI, using examples▪ Three advances or innovative examples▪ Internal review of organisation over past year
Basic organisational information	
Organisational approach to Responsible investment	

Reporting Framework structure

Organisation wide characteristics



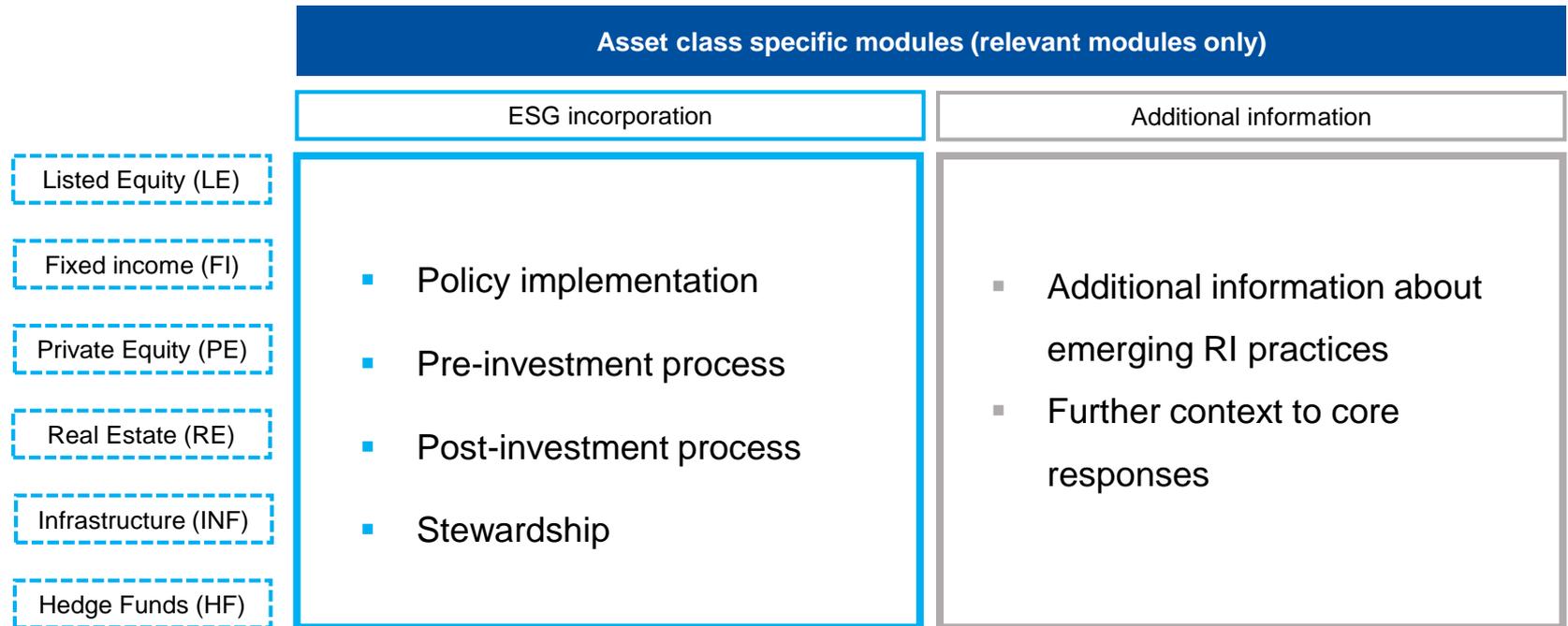
CORE



PLUS

Reporting Framework structure

Asset class level



A note on stewardship

Stewardship is now integrated in all modules. It will no longer receive a separate assessment score.



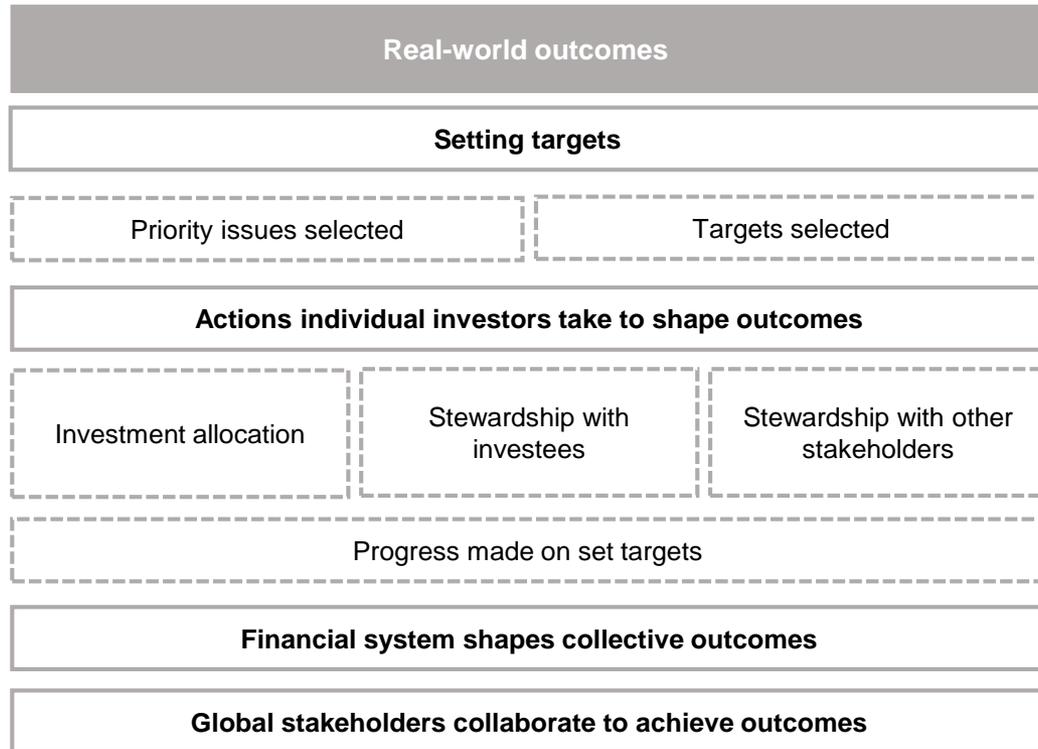
CORE



PLUS

Reporting Framework structure

Real-world outcomes – completely voluntary for signatories to report on

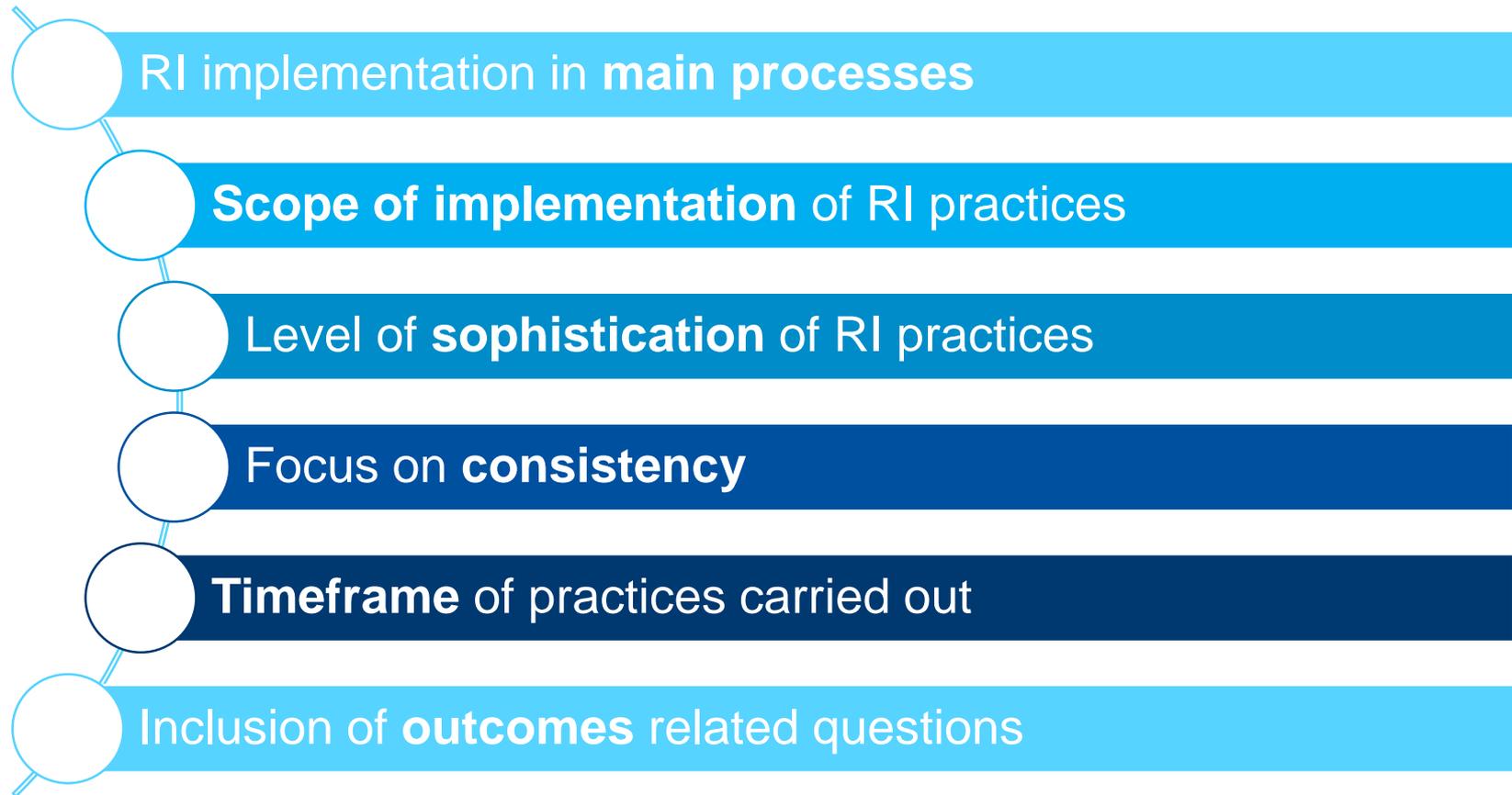


The PRI report, **Investing with SDG outcomes: a five-part framework**, will provide the basis for future guidance and support in the Reporting Framework. The real-world outcomes part of the Reporting Framework will grow incrementally. Questions will be limited in the 2021 pilot year.



A more challenging Reporting Framework

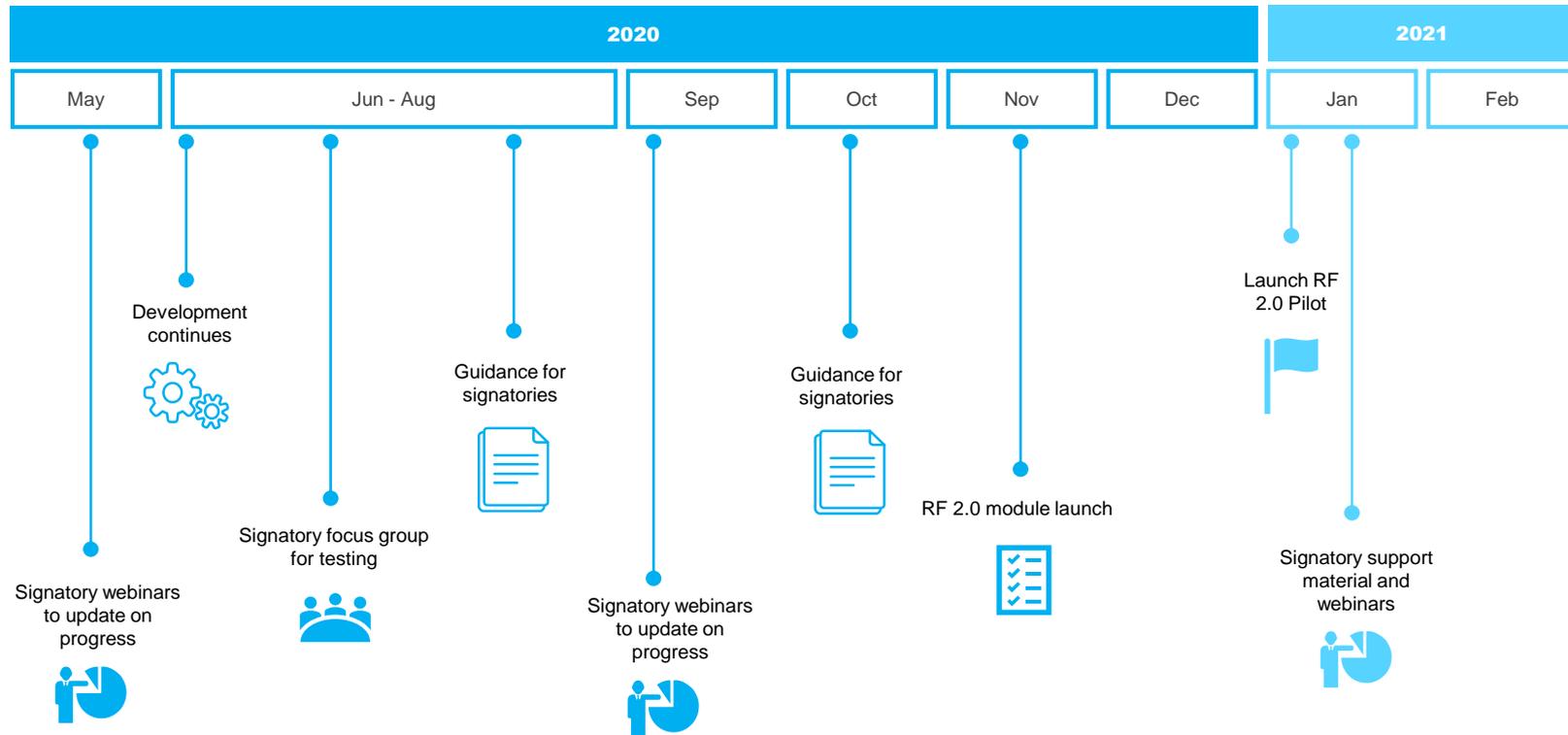
Recalibration approaches to make the Reporting Framework more challenging



Next steps

The review: next steps

Reporting Framework development continues



Testing the developed PRI Reporting Framework

Creating a robust new Reporting Framework

- **Relevance** to the responsible investment market
- Estimated **time** spent on reporting in the new Reporting Framework
- Level of **advancement**
- **Regional** variations and applicability, depending on investor type,
- **Clarity** and **comprehensiveness**
- The ability to gather, report and publish the **required information**

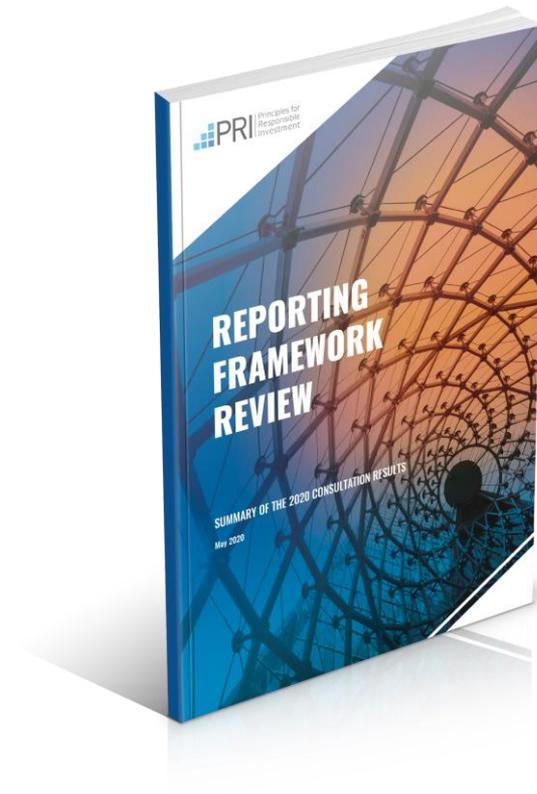
Resources

Dedicated Reporting and Assessment Review page

Everything you need on one page

- Second consultation results summary
- Past consultation papers
- Application to test the developed Reporting Framework
- Further updates

www.unpri.org/2020-reporting-review



Q&A

Thank you