

PRI Reporting Framework

FIXED INCOME

2021

WHO DOES THIS MODULE APPLY TO?

This module is designed for signatories who invest directly in fixed income 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 fixed income¹. They will instead report on this in the external investment manager selection, appointment and monitoring (SAM) module.

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

For guidance on when it is mandatory or voluntary to report on the module in the 2021 reporting cycle, view the guide [FI logic update](#).

The fixed income asset types that can be reported on in this module include:

- Fixed income - Securitised
- Fixed income - SSA
- Fixed income - Corporate
- Fixed income - Private debt

Signatories will be able to differentiate their private debt practices throughout the module by selecting the corresponding answer option in the relevant indicators. The module also includes one indicator specifically focused on private debt.

MODULE HIGHLIGHTS:

- An increased focus on the incorporation of ESG factors into materiality analysis, portfolio construction, asset valuation, credit assessment, risk management and investment decision making.
- Specific indicators on private debt, securitised products, passive and thematic fixed income.
- A new indicator on the implications of disclosing ESG screens to clients and beneficiaries.
- A new question on engagement for sovereign bond investors as part of stewardship.

More information on **how to incorporate ESG in fixed income**, including practical guides, tools and case studies, can be found on the PRI's dedicated [fixed income](#) webpage.

The module's explanatory notes will provide additional guidance and resources at an indicator level.

***This guide has been updated on March 26, 2021**

¹ If your fixed income investments are constrained in any way that limits your ability to apply a responsible investment approach, you will be able to indicate this at the relevant indicator within the Organisational Overview (OO). For example, local regulations may restrict investments in foreign denominated or issued bonds.

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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.
- There are fewer indicators on stewardship in this module, as these have been simplified across asset classes and moved to the Investment & Stewardship Policy module.

39%
decrease
in number of
indicators

compared to 2020

27 CORE

4 PLUS

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 fixed income 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).

MODULE OVERVIEW

The fixed income module consists of the following² sections and sub-sections:

| PRE-INVESTMENT PHASE (17 INDICATORS) | POST-INVESTMENT PHASE (10 INDICATORS) | REPORTING/ DISCLOSURE (1 INDICATOR) | STEWARDSHIP (3 INDICATORS) |
|---|--|---|--|
| <ul style="list-style-type: none"> ■ Materiality analysis (Indicate AUM coverage) ■ ESG risk management (Indicate AUM coverage) ■ ESG incorporation in asset valuation ■ Performance monitoring <small>PLUS</small> ■ ESG incorporation in portfolio construction <small>PLUS</small> ■ ESG incorporation in assessment of issuers ■ ESG performance ■ Private debt ■ Securitised products | <ul style="list-style-type: none"> ■ ESG risk management ■ Time horizons ■ Long-term ESG trend analysis (Indicate AUM coverage) ■ Passive (Indicate AUM coverage) ■ Thematic bonds (Indicate AUM coverage) ■ Examples of leading practices <small>PLUS</small> | <ul style="list-style-type: none"> ■ ESG screens (Indicate AUM coverage) | <ul style="list-style-type: none"> ■ Engaging with issuers/borrowers <small>PLUS</small> ■ Sovereign bonds |

PLUS 'Plus' indicators included in this sub-section.

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.