

PRI Reporting Framework

FIXED INCOME

2023

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OVERALL APPROACH

MATERIALITY ANALYSIS [FI 1]

| Indicator ID | Dependent on: | OO 21 | Sub-section | | | PRI Principle | Type of indicator |
|---|---------------|-------|---|---|---|---|---|
| | Gateway to: | N/A | Materiality analysis | | | 1 | CORE |
| Does your organisation have a formal investment process to identify and incorporate material ESG factors across your fixed income assets? | | | | | | | |
| | | | Internally managed fixed income asset types | | | | |
| | | | All asset types | (1) SSA | (2) Corporate | (3) Securitised | (4) Private debt |
| (A) Yes, our investment process incorporates material governance factors | | | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM |
| (B) Yes, our investment process incorporates material environmental and social factors | | | [As above] | [As above] | [As above] | [As above] | [As above] |
| (C) Yes, our investment process incorporates material ESG factors depending on different investment time horizons | | | [As above] | [As above] | [As above] | [As above] | [As above] |

| | | | | | |
|---|--|-----------------------|-----------------------|-----------------------|-----------------------|
| (D) No, we do not have a formal process; our investment professionals identify material ESG factors at their discretion | | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| (E) No, we do not have a formal or informal process to identify and incorporate material ESG factors | | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

| Explanatory notes | |
|--------------------------------------|--|
| Purpose of indicator | This indicator aims to assess the scope and depth of the signatory's research into material ESG factors and whether this process has been formalised as part of its investment processes. It is considered good practice for signatories to consider how the relevance of ESG factors varies over time and for the analysis of fixed income to extend beyond material governance factors and be adopted as part of an organisation's formal investment process or structure. This practice allows for the identification and management of downside risks that might remain undiscovered without analysing ESG data and trends. Formally integrating this analysis into the investment process helps ensure consistency within the organisation. |
| Additional reporting guidance | <p>A formal process to identify material ESG factors involves the incorporation of some or all of the following steps:</p> <ul style="list-style-type: none"> (i) Investment research: Identifying material ESG factors (at the issuer level and for individual securities) that may impact downside risk. (ii) Security valuation: Integrating material ESG factors into financial analyses and valuation, e.g. through internal credit assessments, forecasted financials and ratios, relative ranking, relative value/spread analyses and security sensitivity/scenario analyses. (iii) Portfolio management: Including the ESG analysis in decisions about risk management and portfolio construction, e.g. through sector/geographical weightings. <p>In this indicator, a 'formal' investment process refers to an agreed-upon structure and process, including any oversight and responsibility to carry out said process.</p> <p>Material ESG factors are identified and assessed alongside traditional financial factors when forming an investment decision about a specific company or the overall portfolio structure to lower risk and/or enhance returns. Investors apply a range of techniques to identify risks and opportunities that might remain undiscovered without the analysis of specific ESG data and broad ESG trends. ESG factors differ in relevance and materiality across companies, sectors and markets. This indicator does not relate to the signatory's final judgements about relevance or materiality but to the scope of their research processes.</p> |
| Other resources | For further guidance on ESG materiality integration in income management, refer to An introduction to responsible investment: fixed income . |
| Logic | |
| Dependent on | [OO 21] |
| Gateway to | N/A |
| Assessment | |

| | | | | |
|----------------------------|---|------------|--|---|
| | 100 points for this indicator divided between lettered (50 points) and coverage (50 points) answer options. The final score will be based on the highest-scoring combination of lettered and coverage answer options. | | | |
| Assessment criteria | 50 points for the lettered answer options: | AND | 50 points for the coverage: | Further details: |
| | 50 points for all 3 selections from A–C. 40 points for both A and C OR both B and C. 30 points for both A and B. 20 points for 1 selection from A, B. 10 points for C. 0 points for D, E. | | Per answer selection A to C, each option will be worth the following proportion: 50/3 points for all (1). 25/3 points for a majority (2). 12/3 points for a minority (3). | Selecting 'D' or 'E' will result in 0/100 points for this indicator. The number of asset types applicable will not affect the points available for this indicator, as each asset type will receive a separate score. |
| Multiplier | Moderate | | | |

MONITORING ESG TRENDS [FI 2]

| Indicator ID | Dependent on: | OO 21 | Sub-section | PRI Principle | Type of indicator |
|---|---|---|---|---|-------------------|
| | Gateway to: | N/A | | | |
| FI 2 | | | Monitoring ESG trends | 1 | CORE |
| Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your fixed income assets? | | | | | |
| | Internally managed fixed income asset types | | | | |
| | All asset types | (1) SSA | (2) Corporate | (3) Securitised | |
| (A) Yes, we have a formal process that includes scenario analyses Specify: _____ [Voluntary free text: medium] | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | |
| (B) Yes, we have a formal process, but it does not include scenario analyses Specify: _____ [Voluntary free text: medium] | [As above] | [As above] | [As above] | [As above] | |
| (C) We do not have a formal process for our fixed income assets; our investment professionals monitor how ESG trends vary over time at their discretion | | O | O | O | |
| (D) We do not monitor and review the implications of changing ESG trends on our fixed income assets | | O | O | O | |

| Explanatory notes | | | |
|--------------------------------------|---|------------|---|
| Purpose of indicator | This indicator aims to assess whether signatories have formalised the review and monitoring of changing ESG trends as part of their investment process. Once material ESG factors have been identified (including whether they are present or potential), it is considered good practice to have a formal process that applies to all AUM across all different fixed income asset types. This process will allow for monitoring and reviewing the implications of changing ESG trends, including scenario analyses to assess the impact of these trends on existing holdings. | | |
| Additional reporting guidance | <p>In this indicator, a 'formal' process refers to an agreed-upon structure and process, including any oversight and responsibility to carry out said process.</p> <p>For the purpose of this indicator, 'changing ESG trends' includes changes in regulation, physical climate, technology and/or consumer demands.</p> <p>For the purpose of this indicator, 'scenario analysis' is not restricted to climate factors but includes the analysis of other ESG factors relevant to the investment decision.</p> | | |
| Other resources | For guidance and case studies on incorporating ESG trends into fixed income investments, see Guidance and case studies for ESG integration: equities and fixed income . | | |
| Logic | | | |
| Dependent on | [OO 21] | | |
| Gateway to | N/A | | |
| Assessment | | | |
| Assessment criteria | 100 points for this indicator divided between lettered (50 points) and coverage (50 points) answer options. The final score will be based on the highest-scoring combination of lettered and coverage answer options. | | |
| | 50 points for the lettered answer options: 50 points for A. 33 points for B. 0 points for C, D. | AND | 50 points for the coverage: 50 points for all (1). 25 points for a majority (2). 12 points for a minority (3). |
| Multiplier | Moderate | | |

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH [FI 3, FI 4, FI 5, FI 6, FI 7]

| | | | | | |
|-----------------------------|---------------|--------------|---|---------------------------|----------------------------------|
| Indicator ID FI 3 | Dependent on: | OO 21 | Sub-section ESG incorporation in research | PRI Principle 1 | Type of indicator CORE |
| | Gateway to: | N/A | | | |

For the majority of your fixed income investments, does your organisation **incorporate material ESG factors** when assessing their credit quality?

| | Internally managed fixed income asset types | | | | |
|---|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | All asset types | (1) SSA | (2) Corporate | (3) Securitised | (4) Private debt |
| (A) We incorporate material environmental and social factors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (B) We incorporate material governance-related factors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (C) We do not incorporate material ESG factors for the majority of our fixed income investments | | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Explanatory notes

| | |
|--------------------------------------|---|
| Purpose of indicator | This indicator aims to assess how ESG factors inform signatories' assessments of securities risks and their underlying credit quality. It is considered good practice to include all ESG factors, not just governance, when identifying investment risks and opportunities. For fixed income investors, the consideration of all ESG factors in risk analysis should be reflected in the credit quality assessment of borrowers, allowing for a complete representation of risks and opportunities and their effective incorporation into investment decisions. |
| Additional reporting guidance | This indicator focuses on how the current ESG assessment affects projected cash flows. This does not include anticipated changes in ESG assessments. |

| | | |
|----------------------------|--|---|
| Other resources | For further guidance on ESG materiality integration in fixed income management, refer to An introduction to responsible investment: fixed income . | |
| Logic | | |
| Dependent on | [OO 21] | |
| Gateway to | N/A | |
| Assessment | | |
| Assessment criteria | <p>100 points for this indicator.</p> <p>100 points for both A and B. 66 points for A. 33 points for B. 0 points for C.</p> | <p>Further details:</p> <p>Selecting 'C' will result in 0/100 points for this indicator.</p> <p>The number of asset types applicable will not affect the points available for this indicator, as each asset type will receive a separate score.</p> |
| Multiplier | Moderate | |

| | | | | | |
|-----------------------------|---------------|--------------|---|---------------------------|----------------------------------|
| Indicator ID FI 4 | Dependent on: | OO 21 | Sub-section ESG incorporation in research | PRI Principle 1 | Type of indicator CORE |
| | Gateway to: | N/A | | | |

Does your organisation have a framework that differentiates **ESG risks** by issuer country, region and/or sector?

| | Internally managed fixed income asset types | | | | |
|---|---|---|---|---|---|
| | All asset types | (1) SSA | (2) Corporate | (3) Securitised | (4) Private debt |
| (A) Yes, we have a framework that differentiates ESG risks by country and/or region (e.g. local governance and labour practices) | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM |
| (B) Yes, we have a framework that differentiates ESG risks by sector | [As above] | [As above] | [As above] | [As above] | [As above] |
| (C) No, we do not have a framework that differentiates ESG risks by issuer country, region and/or sector | | ○ | ○ | ○ | ○ |
| (D) Not applicable; we are not able to differentiate ESG risks by issuer country, region and/or sector due to the limited universe of our issuers | | ○ | ○ | ○ | ○ |

| Explanatory notes | | | |
|--------------------------------------|---|------------|--|
| Purpose of indicator | This indicator aims to assess the extent and depth to which the investment process is adapted to ensure adequate ESG incorporation. It is considered good practice to have a framework to map ESG risks by country, region and/or sector and to assess individual issuers relative to peers, and for the framework to be applied to all fixed-income assets consistently. | | |
| Additional reporting guidance | In this indicator, differentiating ESG risks by country and/or region refers to the geographical area and jurisdiction in which the issuer operates. Differentiating ESG risks by sector refers to the industry in which the issuer operates (e.g. mining, consumer goods). | | |
| Other resources | For further guidance on ESG materiality integration in fixed income management, refer to An introduction to responsible investment: fixed income . | | |
| Logic | | | |
| Dependent on | [OO 21] | | |
| Gateway to | N/A | | |
| Assessment | | | |
| Assessment criteria | 100 points for this indicator divided between lettered (50 points) and coverage (50 points) answer options. The final score will be based on the highest-scoring combination of lettered and coverage answer options. | | |
| | 50 points for the lettered answer options: 50 points for A AND/OR B. 0 points for C. | AND | 50 points for the coverage: 50 points for all (1) 25 points for a majority (2) 12 points for a minority (3) |
| | Further details: Selecting 'C' will result in 0/100 points for this indicator. Selecting 'D' means the indicator is scored as N/A. Signatories will not be penalised for this indicator. The number of asset types applicable will not affect the points available for this indicator, as each asset type will receive a separate score. | | |
| Multiplier | High | | |

| Indicator ID FI 5 | Dependent on: OO 21 | | Sub-section ESG incorporation in research | PRI Principle 1 | Type of indicator CORE |
|--|---|--|---|---------------------------|----------------------------------|
| How does your organisation incorporate material ESG factors when selecting private debt investments during the due diligence phase? | | | | | |
| <input type="checkbox"/> (A) We use a qualitative ESG checklist | [Dropdown list] (1) in all cases (2) in a majority of cases (3) in a minority of cases | | | | |
| <input type="checkbox"/> (B) We assess quantitative information on material ESG factors, such as energy consumption, carbon footprint and gender diversity | [As above] | | | | |
| <input type="checkbox"/> (C) We check whether the target company has its own responsible investment policy, sustainability policy or ESG policy | [As above] | | | | |
| <input type="checkbox"/> (D) We hire third-party consultants to do technical due diligence on specific material ESG factors where internal capabilities are not available | [As above] | | | | |
| <input type="checkbox"/> (E) We require the review and sign-off of our ESG due diligence process by our investment committee or the equivalent function | [As above] | | | | |
| <input type="checkbox"/> (F) We use industry-recognised responsible investment due diligence questionnaire (DDQ) templates | [As above] | | | | |
| <input type="checkbox"/> (G) We use another method of incorporating material ESG factors when selecting private debt investments during the due diligence process Specify: ____ [Mandatory free text: medium] | [As above] | | | | |
| <input type="radio"/> (H) We do not incorporate material ESG factors when selecting private debt investments during the due diligence phase | | | | | |

| Explanatory notes | | | |
|--------------------------------------|--|------------|---|
| Purpose of indicator | <p>This indicator aims to assess how well ESG factors are incorporated into the investment processes for private debt, focusing on the selection of investments. It is considered good practice to analyse and incorporate ESG factors into all investment decisions, including in the pre-investment phase. This process helps investors consider risks in a more holistic way to identify their hidden drivers and how they may impact a borrower's credit strength.</p> <p>In relatively illiquid markets, such as the private debt market, considering the typical hold-to-maturity approach, the case for considering ESG factors is crucial during the pre-investment phase.</p> | | |
| Additional reporting guidance | Industry-recognised responsible investment due diligence questionnaire (DDQ) templates could be those provided by PRI, the Loan Syndications & Trading Association (LSTA), the Alternative Credit Council (ACC) or others. | | |
| Other resources | <p>For further guidance on ESG integration in private debt investment, refer to Spotlight on responsible investment in private debt and PRI's private debt webpage.</p> <p>For further insights into ESG integration in fixed income management, refer to An introduction to responsible investment: fixed income.</p> | | |
| Logic | | | |
| Dependent on | [OO 21] | | |
| Gateway to | N/A | | |
| Assessment | | | |
| Assessment criteria | 100 points for this indicator divided between lettered (50 points) and coverage (50 points) answer options. The final score will be based on the highest-scoring combination of lettered and coverage answer options. | | |
| | 50 points for the lettered answer options: 50 points for 5 or more selections from A–F. 40 points for 4 selections from A–F. 30 points for 3 selections from A–F. 20 points for 2 selections from A–F. 10 points for 1 selection from A–F. 0 points for G, H. | AND | 50 points for the coverage: Per answer selection A to F, each option will be worth the following proportion: 50/5 points for all (1). 25/5 points for a majority (2). 12/5 points for a minority (3). |
| 'Other' scored as | Selecting Other (G) will not be counted by the scoring criteria, provided answer options have been identified as capturing good practice. | | |
| Multiplier | Moderate | | |

| | | | | | |
|-----------------------------|---------------|--------------|---|---------------------------|----------------------------------|
| Indicator ID FI 6 | Dependent on: | OO 21 | Sub-section ESG incorporation in research | PRI Principle 1 | Type of indicator CORE |
| | Gateway to: | N/A | | | |

How do you **incorporate** significant changes in **material ESG factors** over time into your **fixed income** asset valuation process?

| | Internally managed fixed income asset types | | | |
|--|---|---|---|---|
| | All asset types | (1) SSA | (2) Corporate | (3) Private debt |
| (A) We incorporate it into the forecast of financial metrics or other quantitative assessments | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM |
| (B) We make a qualitative assessment of how material ESG factors may evolve | [As above] | [As above] | [As above] | [As above] |
| (C) We do not incorporate significant changes in material ESG factors | | ○ | ○ | ○ |

Explanatory notes

| | |
|--------------------------------------|---|
| Purpose of indicator | This indicator aims to establish whether changes in material ESG factors over time are incorporated to adjust the valuation of fixed income assets. It is considered good practice to not only assess current material ESG factors but also to evaluate how these may vary, to identify potential ones and to assess them across all the signatory's AUM. |
| Additional reporting guidance | In this indicator, 'financial metrics' refers to, for example: (i) for corporate or private debt, cash flow, revenues and/or profitability; (ii) for SSA, tax revenue and/or current or capital expenditures. |

| | | | |
|----------------------------|---|------------|--|
| Other resources | For further guidance on ESG materiality integration in fixed income management, refer to An introduction to responsible investment: fixed income . | | |
| Logic | | | |
| Dependent on | [OO 21] | | |
| Gateway to | N/A | | |
| Assessment | | | |
| Assessment criteria | 100 points for this indicator divided between lettered (50 points) and coverage (50 points) answer options. The final score will be based on the highest-scoring combination of lettered and coverage answer options. | | |
| | 50 points for the lettered answer options: 50 points for both A and B. 33 points for A OR B. 0 points for C. | AND | 50 points for the coverage: Per answer selections A and B, each option will be worth the following proportion: 50/2 points for all (1). 25/2 points for a majority (2). 12/2 points for a minority (3). |
| | | | Further details: Selecting 'C' will result in 0/100 points for this indicator. The number of asset types applicable will not affect the points available for this indicator, as each asset type will receive a separate score. |
| Multiplier | High | | |

| | | | | | |
|-----------------------------|---------------|--------------|---|---------------------------|----------------------------------|
| Indicator ID FI 7 | Dependent on: | OO 21 | Sub-section ESG incorporation in research | PRI Principle 1 | Type of indicator CORE |
| | Gateway to: | N/A | | | |

At what level do you **incorporate material ESG factors** into the risks and/or returns of your securitised products?

(A) At both key counterparties' and at the underlying collateral pool's levels
Explain: _____ [Voluntary free text: medium]

(B) At key counterparties' level only
Explain: _____ [Voluntary free text: medium]

(C) At the underlying collateral pool's level only
Explain: _____ [Voluntary free text: medium]

Explanatory notes

| | |
|--------------------------------------|---|
| Purpose of indicator | This indicator aims to assess at what level of the structured note material ESG factors are incorporated into the investment processes for securitised products, focusing on their financial analysis. It is considered good practice to analyse how material ESG factors affect risks and returns for both the key counterparties and the underlying collateral pool, which helps investors holistically consider risks to identify their hidden drivers at every product level. |
| Additional reporting guidance | For the purpose of this indicator, 'underlying collateral pool' refers to a group of assets backing a securitised product. In this indicator, 'key counterparties' refers to (but is not limited to) the originator, sponsor, servicer or CLO manager. |
| Other resources | For a case study on the analysis and integration of ESG factors in securitised products, see Guidance and case studies for ESG integration: Equities and fixed income . |

Logic

| | |
|---------------------|---------|
| Dependent on | [OO 21] |
| Gateway to | N/A |

| Assessment | |
|----------------------------|---|
| Assessment criteria | 100 points for this indicator. 100 points for A. 66 points for B OR C. |
| Multiplier | Moderate |

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION [FI 8]

| Indicator ID | Dependent on: | OO 21 | Sub-section | | PRI Principle | Type of indicator |
|---|---------------|-------|---|---|---|---|
| | Gateway to: | N/A | ESG incorporation in portfolio construction | | | |
| FI 8 | | | | | 1 | CORE |
| How do material ESG factors contribute to your security selection, portfolio construction and/or benchmark selection process? | | | | | | |
| | | | Internally managed fixed income asset types | | | |
| | | | All asset types | (1) SSA | (2) Corporate | (3) Securitised |
| (A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process | | | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM |
| (B) Material ESG factors contribute to determining the holding period of individual assets within our portfolio construction and/or benchmark selection process | | | [As above] | [As above] | [As above] | [As above] |
| (C) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process | | | [As above] | [As above] | [As above] | [As above] |
| (D) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process | | | [As above] | [As above] | [As above] | [As above] |

| | | | | |
|---|------------|------------|------------|------------|
| (E) Material ESG factors contribute to our portfolio construction and/or benchmark selection process in other ways Specify: ____ [Mandatory free text: medium] | [As above] | [As above] | [As above] | [As above] |
| (F) Our security selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors | | O | O | O |

Explanatory notes

| | |
|--------------------------------------|---|
| Purpose of indicator | This indicator allows signatories to outline the extent to which material ESG factors are incorporated into the construction process of a portfolio and not only the security valuation process or selection criteria. It is considered good practice to incorporate material ESG factors into all aspects of portfolio construction and asset selection across a range of investment strategies and all AUM rather than for a particular portfolio or group of funds. The answer options indicate different aspects of the portfolio construction process for which signatories may derive part of their conviction and risk appetite as a result of ESG considerations. |
| Additional reporting guidance | ESG factors can be incorporated into fixed income portfolio construction processes using three approaches: integration, screening and thematic. Investors select amongst or combine these approaches based on their desired outcomes, including enhancing their portfolio risk-return profile, determining their investment universe or driving capital towards particular environmental and/or social goals. For the purpose of this indicator the 'holding period' is the time between the purchase and sale of a security. |
| Other resources | For further guidance on ESG materiality integration in fixed income management, refer to An introduction to responsible investment: fixed income . |

Logic

| | |
|---------------------|---------|
| Dependent on | [OO 21] |
| Gateway to | N/A |

Assessment

| | | | | |
|----------------------------|---|------------|---|---|
| Assessment criteria | 100 points for this indicator divided between lettered (50 points) and coverage (50 points) answer options. The final score will be based on the highest-scoring combination of lettered and coverage answer options. | | | |
| | 50 points for the lettered answer options: 50 points for 3 or more selections from A–D. 33 points for 2 selections from A–D. | AND | 50 points for the coverage: Per answer selection A to D, each option will be worth the following proportion: | Further details: Selecting 'F' will result in 0/100 points for this indicator. |

| | | | | |
|--------------------------|---|--|--|---|
| | 16 points for 1 selection from A–D. 0 points for E, F. | | 50/3 points for all (1). 25/3 points for a majority (2). 12/3 points for a minority (3). | The number of asset types applicable will not affect the points available for this indicator, as each asset type will receive a separate score. |
| 'Other' scored as | Selecting Other (E) will not be counted by the scoring criteria, provided answer options have been identified as capturing good practice. | | | |
| Multiplier | Moderate | | | |

PASSIVE INVESTMENTS [FI 9, FI 10]

| Indicator ID | Dependent on: | OO 5.3 FI, OO 21 | Sub-section | PRI Principle | Type of indicator |
|---|---------------|------------------|---------------------|---------------|--------------------------------------|
| FI 9 | Gateway to: | N/A | Passive investments | 1 | PLUS VOLUNTARY TO DISCLOSE |
| <p>Provide an example of how material ESG factors influenced weightings and tilts in the design of your passively managed funds.</p> <p><i>Examples might include coverage of an aspect of a portfolio construction process or a specific application.</i></p> <p>[Free text: large]</p> | | | | | |

| Explanatory notes | |
|--------------------------------------|---|
| Purpose of indicator | This indicator provides signatories with the opportunity to expand upon what they believe are interesting, innovative or leading practices when incorporating ESG factors into the weightings and tilts in passive fixed income portfolios, allowing signatories to share different practices and experiences. |
| Additional reporting guidance | <p>ESG factors can be incorporated into the fixed income portfolio construction process using three approaches: integration, screening and thematic. Investors select amongst or combine these approaches based on their desired outcomes, including enhancing their portfolio risk-return profile, determining their investment universe or driving capital towards particular environmental and/or social goals.</p> <p>A 'weighting' is the percentage of an investment portfolio comprising a particular holding or type of holding. It can be represented on an absolute or relative basis.</p> <p>A portfolio 'tilt' represents a weighting of a portfolio when compared to a representative benchmark. Tilt generally represents a difference to a specified benchmark.</p> <p>This indicator does not apply to private debt and securitised debt.</p> |
| Other resources | For further guidance on ESG incorporation for passive investors, see How can a passive investor be a responsible investor? |
| Logic | |
| Dependent on | [OO 5.3 FI], [OO 21] |
| Gateway to | N/A |

Assessment

Not assessed

| | | | | | |
|------------------------------|---------------|---------------------|---|---------------------------|----------------------------------|
| Indicator ID FI 10 | Dependent on: | OO 19, OO 21 | Sub-section Passive investments | PRI Principle 1 | Type of indicator PLUS |
| | Gateway to: | N/A | | | |

How does your organisation select the **ESG index(es) or benchmark(s)** for your **passive fixed income** assets?

- (A) We commission customised indexes
Explain: _____ [Voluntary free text: medium]
- (B) We compare the methodology amongst the index providers available
Explain: _____ [Voluntary free text: medium]
- (C) We compare the costs of different options available in the market
Explain: _____ [Voluntary free text: medium]
- (D) Other
Specify and explain: _____ [Voluntary free text: medium]

Explanatory notes

| | |
|--------------------------------------|---|
| Purpose of indicator | This indicator provides signatories with the opportunity to describe how they select or design an ESG index or benchmark when utilising a passive strategy for their fixed income investments. |
| Additional reporting guidance | The ESG indices or benchmarks used to track passive investments may be external or developed internally by signatories applying ESG filters. This indicator does not apply to private debt and securitised debt. |
| Other resources | For further guidance on ESG incorporation for passive investors, see How can a passive investor be a responsible investor? |

Logic

| | |
|---------------------|------------------|
| Dependent on | [OO 19], [OO 21] |
|---------------------|------------------|

| | |
|-------------------|-----|
| Gateway to | N/A |
| Assessment | |
| Not assessed. | |

POST-INVESTMENT

ESG RISK MANAGEMENT [FI 11, FI 12]

| Indicator ID | Dependent on: | OO 21 | Sub-section | | | PRI Principle | Type of indicator |
|---|---------------|-------|---|---|---|---|---|
| FI 11 | Gateway to: | N/A | ESG risk management | | | 1 | CORE |
| How are material ESG factors incorporated into your portfolio risk management process? | | | | | | | |
| | | | Internally managed fixed income asset types | | | | |
| | | | All asset types | (1) SSA | (2) Corporate | (3) Securitised | (4) Private debt |
| (A) Investment committee members, or the equivalent function or group, can veto investment decisions based on ESG considerations | | | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM | [Dropdown list] (1) for all of our AUM (2) for a majority of our AUM (3) for a minority of our AUM |
| (B) Companies, sectors, countries and/or currencies are monitored for changes in exposure to material ESG factors and any breaches of risk limits | | | [As above] | [As above] | [As above] | [As above] | [As above] |
| (C) Overall exposure to specific material ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are | | | [As above] | [As above] | [As above] | [As above] | [As above] |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| made depending on the individual issuer or issue sensitivity to these factors | | | | | |
| (D) We use another method of incorporating material ESG factors into our portfolio's risk management process Specify: ____ [Mandatory free text: medium] | [As above] | [As above] | [As above] | [As above] | [As above] |
| (E) We do not have a process to incorporate material ESG factors into our portfolio's risk management process | | O | O | O | O |

Explanatory notes

| | |
|-----------------------------|---|
| Purpose of indicator | This indicator aims to understand the thoroughness of ESG incorporation into signatories' risk management process for each fixed income asset type. It is considered good practice to incorporate material ESG factors into an organisation's risk management process for all AUM, allowing the organisation to identify and manage risks that might remain undiscovered without the benefit of analysis. Ideally, the integration of material ESG factors into risk management processes would be reflected in portfolio construction and adjustments. |
| Other resources | For further guidance on ESG materiality integration in fixed income management, refer to An introduction to responsible investment: fixed income . |

Logic

| | |
|---------------------|---------|
| Dependent on | [OO 21] |
| Gateway to | N/A |

Assessment

| | | | | |
|----------------------------|---|------------|---|--|
| Assessment criteria | 100 points for this indicator divided between lettered (50 points) and coverage (50 points) answer options. The final score will be based on the highest-scoring combination of lettered and coverage answer options. | | | |
| | 50 points for the lettered answer options: 50 points for 3 selections from A–C. 33 points for 2 selections from A–C. 16 points for 1 selection from A–C. 0 points for D, E. | AND | 50 points for the coverage: Per answer selection A to C, each option will be worth the following proportion: 50/3 points for all (1). 25/3 points for a majority (2). 12/3 points for a minority (3). | Further details: Selecting 'E' will result in 0/100 points for this indicator. The number of asset types applicable will not affect the points available for this indicator, as each asset type will receive a separate score. |

| | |
|--------------------------|---|
| 'Other' scored as | Selecting Other (D) will not be counted by the scoring criteria, provided answer options have been identified as capturing good practice. |
| Multiplier | High |

| | | | | | |
|------------------------------|---------------|--------------|---|---------------------------|----------------------------------|
| Indicator ID FI 12 | Dependent on: | OO 21 | Sub-section ESG risk management | PRI Principle 1 | Type of indicator CORE |
| | Gateway to: | N/A | | | |

For the majority of your fixed income assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

| | Internally managed fixed income asset types | | | | |
|---|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | All asset types | (1) SSA | (2) Corporate | (3) Securitised | (4) Private debt |
| (A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual fixed income holdings | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for other fixed income holdings exposed to similar risks and/or incidents | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (E) We do not have a formal process to identify and incorporate ESG risks and ESG incidents; our investment professionals identify and incorporate ESG risks and ESG incidents at their discretion | | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

| | | | | | |
|--|--|---|---|---|---|
| (F) We do not have a formal process to identify and incorporate ESG risks and ESG incidents into our risk management process | | O | O | O | O |
|--|--|---|---|---|---|

Explanatory notes

| | |
|--------------------------------------|--|
| Purpose of indicator | This indicator aims to assess whether signatories' risk management processes formally incorporate material ESG risks and ESG incidents into their investment decisions and research. It is considered good practice to have a formal process in place for regularly identifying and incorporating ESG risks and ESG incidents, ideally at the individual asset level, to establish the appropriate level of oversight and scrutiny for adequately informing investment decisions. This process needs to be able to identify risks and incidents that have material implications for the valuation or business model and might also have implications for the investment manager in terms of reputational risk. |
| Additional reporting guidance | In this indicator, a 'formal' process refers to an agreed-upon structure and process, including any oversight and responsibility to carry out said process. |
| Other resources | For further guidance on ESG materiality integration in fixed income management, refer to An introduction to responsible investment: fixed income . |

Logic

| | |
|---------------------|---------|
| Dependent on | [OO 21] |
| Gateway to | N/A |

Assessment

| | | |
|----------------------------|---|--|
| Assessment criteria | <p>100 points for this indicator.</p> <p>100 points for 4 selections from A–D. 75 points for 3 selections from A–D. 50 points for 2 selections from A–D. 25 points for 1 selection from A–D. 0 points for E, F.</p> | <p>Further details:</p> <p>Selecting 'E' or 'F' will result in 0/100 points for this indicator.</p> <p>The number of asset types applicable will not affect the points available for this indicator, as each asset type will receive a separate score.</p> |
| Multiplier | Moderate | |

PERFORMANCE MONITORING [FI 13, FI 14]

| Indicator ID | Dependent on: | OO 21 | Sub-section | PRI Principle | Type of indicator |
|--|---------------|-------|---|---------------|-------------------|
| FI 13 | Gateway to: | N/A | Performance monitoring | 1 | CORE |
| <p>During the reporting year, how did your organisation incorporate material ESG factors when monitoring private debt investments?</p> | | | | | |
| <input type="checkbox"/> (A) We used a qualitative ESG checklist | | | [Dropdown list] (1) in all cases (2) in a majority of cases (3) in a minority of cases | | |
| <input type="checkbox"/> (B) We assessed quantitative information on material ESG factors, such as energy consumption, carbon footprint and gender diversity | | | [As above] | | |
| <input type="checkbox"/> (C) We hired third-party consultants to do technical assessment on specific material ESG factors where internal capabilities were not available | | | [As above] | | |
| <input type="checkbox"/> (D) We used industry body guidelines | | | [As above] | | |
| <input type="checkbox"/> (E) We used another method to incorporate material ESG factors into the monitoring of private debt investments Specify: ____ [Mandatory free text: medium] | | | [As above] | | |
| <input type="radio"/> (F) We did not incorporate material ESG factors when monitoring private debt investments | | | | | |

Explanatory notes

| | | | |
|--------------------------------------|--|------------|---|
| Purpose of indicator | This indicator aims to assess how well ESG factors are integrated into the investment processes for private debt, focusing on investment monitoring. It is considered good practice to analyse and integrate ESG factors into all phases of the investment process, including in the post-investment phase and for all private debt investments. This approach helps investors consider risk in a more holistic way to identify hidden drivers that may impact a borrower's credit strength. | | |
| Additional reporting guidance | Industry body guidelines include (but are not limited to) those provided by the PRI, the Loan Syndications & Trading Association (LSTA), the Alternative Credit Council (ACC) and others. | | |
| Other resources | For further guidance on ESG integration in private debt investment, refer to Spotlight on responsible investment in private debt . For further insights on ESG integration in fixed income management, refer to An introduction to responsible investment: fixed income . | | |
| Logic | | | |
| Dependent on | [OO 21] | | |
| Gateway to | N/A | | |
| Assessment | | | |
| Assessment criteria | 100 points for this indicator divided between lettered (50 points) and coverage (50 points) answer options. The final score will be based on the highest-scoring combination of lettered and coverage answer options. | | |
| | 50 points for the lettered answer options: 50 points for 3 or more selections from A–D. 33 points for 2 selections from A–D. 16 points for 1 selection from A–D 0 points for E, F. | AND | 50 points for the coverage: Per answer selection A to D, each option will be worth the following proportion: 50/3 points for all (1). 25/3 points for a majority (2). 12/3 points for a minority (3). |
| 'Other' scored as | Selecting Other (E) will not be counted by the scoring criteria, provided answer options have been identified as capturing good practice. | | |
| Multiplier | High | | |

| | | | | | |
|------------------------------|---------------|-------------------------|--|---------------------------|---|
| Indicator ID FI 14 | Dependent on: | OO 5.3 FI, OO 21 | Sub-section Performance monitoring | PRI Principle 1 | Type of indicator PLUS VOLUNTARY TO DISCLOSE |
| | Gateway to: | N/A | | | |

Provide an example of how the **incorporation of environmental and/or social factors** in your **fixed income** valuation or portfolio construction affected the realised returns of those assets.

*Through an example, explain your approach to incorporating **ESG factors** and the link to financial returns of the relevant assets, sectors or asset classes.*

[Free text: large]

Explanatory notes

| | |
|--------------------------------------|---|
| Purpose of indicator | This indicator allows signatories to share different practices and experiences and enables PRI to compile evidence of examples where environmental and/or social factors have impacted realised returns. |
| Additional reporting guidance | Examples provided may include interesting approaches to integration, screening and thematic strategies that have had an identifiable impact on returns. These examples could highlight correlations or explain causation. |
| Other resources | For further guidance on ESG materiality integration in fixed income management, refer to An introduction to responsible investment: fixed income . |

Logic

| | |
|---------------------|----------------------|
| Dependent on | [OO 5.3 FI], [OO 21] |
| Gateway to | N/A |

Assessment

Not assessed

THEMATIC BONDS [FI 15, FI 16, FI 17]

| Indicator ID | Dependent on: | OO 20, OO 21 | Sub-section | PRI Principle | Type of indicator |
|---|---|--------------|---|---------------|--------------------------------------|
| FI 15 | Gateway to: | N/A | Thematic bonds | 3 | PLUS VOLUNTARY TO DISCLOSE |
| What percentage of green, social and/or other labelled thematic bonds held by your organisation has been verified? | | | | | |
| | | | As a percentage of your total labelled bonds | | |
| (A) Third-party assurance | [Dropdown list] (1) 0% (2) >0–25% (3) >25–50% (4) >50–75% (5) >75% | | | | |
| (B) Second-party opinion | [As above] | | | | |
| (C) Approved verifiers or external reviewers (e.g. via CBI or ICMA) | [As above] | | | | |

| Explanatory notes | |
|--------------------------------------|--|
| Purpose of indicator | This indicator aims to assess the extent to which signatories' green, social or sustainable product offerings have been verified by an independent party. It is considered good practice to ensure that all social, green and/or sustainability labelled bonds have been verified by an independent party. |
| Additional reporting guidance | This indicator is aimed at investors investing in green, social or other labelled thematic bonds (such as sustainability or SDG bonds), not at potential issuers of such bonds. This indicator only applies to active fixed income. |

| | |
|-------------------------------------|---|
| Other resources | Some standard setters provide lists of reviewers/verifiers. See ICMA's Green, Social and Sustainability bonds database or the Climate Bonds Initiative's Approved Verifiers under the Climate Bonds Standard . |
| Reference to other standards | <p>International bond standards: CBI Climate Bonds Standard ICMA's Green Bond Principles ICMA's Social Bond Principles ICMA's Sustainability Bond Guidelines ICMA's Sustainability-Linked Bond Principles UNDP SDG Impact Standards for Bond Issuers</p> <p>Regional bond standards: ASEAN Bond Standards Austrian Ecolabel (UZ49) EU Green Bonds Standard Febelfin FNG-Siegel Greenfin Le label ISR Luxflag Green Bond Nordic Swan Ecolabel People's Bank of China green bond guidelines RIAA Towards Sustainability</p> |
| Logic | |
| Dependent on | [OO 20], [OO 21] |
| Gateway to | N/A |
| Assessment | |
| Not assessed | |

| | | | | | |
|------------------------------|---------------|------------------------|--------------------------------------|---------------------------|----------------------------------|
| Indicator ID FI 16 | Dependent on: | OO 17 FI, OO 21 | Sub-section Thematic bonds | PRI Principle 1 | Type of indicator CORE |
| | Gateway to: | N/A | | | |

What pre-determined criteria does your organisation use to identify which non-labelled thematic bonds to invest in?

- (A) The bond's use of proceeds
- (B) The issuers' targets
- (C) The issuers' progress towards achieving their targets
- (D) The issuers' profile and how it contributes to their targets
- (E) We do not use pre-determined criteria to identify which non-labelled thematic bonds to invest in
- (F) Not applicable; we do not invest in non-labelled thematic bonds

Explanatory notes

| | |
|--------------------------------------|--|
| Purpose of indicator | This indicator aims to assess the rigour of signatories' pre-investment review of non-labelled thematic bonds, including self-labelled or unlabelled bonds that are funding an environmental and/or social outcome. It is considered good practice to have pre-determined criteria to assess how non-labelled thematic bonds work to achieve specific environmental and/or social outcomes or targets. |
| Additional reporting guidance | <p>This indicator is aimed at those investing in non-labelled thematic bonds, not at potential issuers of such bonds.</p> <p>In this indicator, 'targets' may or will describe changes in environmental or social performance and the relationship to the financial instrument or the relationship to the bond. If you have set specific targets on sustainability outcomes, you may wish to report on these in the Sustainability Outcomes module.</p> <p>This indicator only applies to active fixed income.</p> |

Logic

| | |
|---------------------|---------------------|
| Dependent on | [OO 17 FI], [OO 21] |
| Gateway to | N/A |

Assessment

| | | |
|----------------------------|--|---|
| Assessment criteria | <p>100 points for this indicator.</p> <p>100 points for 4 selections from A–D. 75 points for 3 selections from A–D. 50 points for 2 selections from A–D. 25 points for 1 selection from A–D. 0 points for E.</p> | <p>Further details:</p> <p>Selecting E will result in 0/100 points for this indicator.</p> <p>Selecting F means the indicator is scored as N/A. Signatories will not be penalised for this indicator.</p> |
| Multiplier | Low | |

| | | | | | |
|------------------------------|---------------|-------------------------------|--------------------------------------|---------------------------------|----------------------------------|
| Indicator ID FI 17 | Dependent on: | OO 17 FI, OO 20, OO 21 | Sub-section Thematic bonds | PRI Principle 1, 2, 6 | Type of indicator CORE |
| | Gateway to: | N/A | | | |

During the reporting year, what action did you take in the majority of cases when you felt that the proceeds of a thematic bond were not allocated appropriately or in accordance with the terms of the bond deal or prospectus?

- (A) We engaged with the issuer
- (B) We alerted thematic bond certification agencies
- (C) We sold the security
- (D) We blacklisted the issuer
- (E) Other action
Specify: ____ [Mandatory free text: small]
- (F) We did not take any specific actions when the proceeds of a thematic bond were not allocated according to the terms of the bond deal during the reporting year
- (G) Not applicable; in the majority of cases, the proceeds of thematic bonds were allocated according to the terms of the bond deal during the reporting year

Explanatory notes

| | |
|--------------------------------------|---|
| Purpose of indicator | This indicator aims to assess how the use of proceeds from bond issuers is monitored and the rigour of signatories' response actions in the case of an issuer breach. It is considered good practice to monitor the use of proceeds by issuers of thematic bonds and to take proportionate action in the case of a breach. |
| Additional reporting guidance | <p>Signatories should select the answer option(s) that best reflects how they proceeded in the majority of cases during the reporting year.</p> <p>'Engaged with the issuer' refers to contacting issuers for explanations about the causes of the breach and planned mitigating action.</p> <p>'Alerted thematic bond certification agencies' refers to making bond certification agencies aware of the breach.</p> <p>This indicator only applies to active fixed income. It does not apply to sustainability-linked bonds.</p> |
| Other resources | For further insight into engagements with green bond issuers, see Engaging with sovereign green bond issuers . |

Logic

| | | |
|----------------------------|---|---|
| Dependent on | [OO 17 FI], [OO 20], [OO 21] | |
| Gateway to | N/A | |
| Assessment | | |
| Assessment criteria | <p>100 points for this indicator.</p> <p>100 points for 3 or more selections from A–D. 66 points for 2 selections from A–D. 33 points for 1 selection from A–D. 0 points for E, F.</p> | <p>Further details:</p> <p>Selecting 'F' will result in 0/100 points for this indicator.</p> <p>Selecting 'G' means the indicator is scored as N/A. Signatories will not be penalised for this indicator.</p> |
| 'Other' scored as | Selecting Other (E) will not be counted by the scoring criteria, provided answer options have been identified as capturing good practice. | |
| Multiplier | Moderate | |

DISCLOSURE OF ESG SCREENS [FI 18]

| Indicator ID | Dependent on: | OO 17 FI, OO 21 | Sub-section | PRI Principle | Type of indicator |
|--------------|---------------|-----------------|---------------------------|---------------|-------------------|
| FI 18 | Gateway to: | N/A | Disclosure of ESG screens | 6 | CORE |

For all your fixed income assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

Signatories should refer to the information shared publicly or privately (only when the assets are covered by commercial or client agreements preventing public disclosure) for all their fixed income assets where ESG screens are applied alone or in combination with other strategies.

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as any deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our fixed income assets subject to ESG screens

Explanatory notes

| | |
|--------------------------------------|--|
| Purpose of indicator | <p>This indicator aims to assess the transparency of signatories towards clients in their application of ESG screens and whether they provide clients with a tool to assess how consistently the screening policy is applied.</p> <p>The application of screens and their implications on portfolios are sometimes difficult for clients to understand. As a minimum standard, signatories should explain these screens to clients. It is also considered good practice to provide updates on any changes to these screens and outline the implications on portfolio structure when, for instance, the asset manager is appointed by the client or the screening policy changes.</p> |
| Additional reporting guidance | Answer option '(A) We share a list of ESG screens' refers to the screening criteria applied to the fixed income assets and not to companies affected by them. |
| Other resources | For further guidance on screening, refer to An introduction to responsible investment: screening . |

Logic

| | |
|---------------------|---------------------|
| Dependent on | [OO 17 FI], [OO 21] |
| Gateway to | N/A |

| Assessment | | |
|----------------------------|--|--|
| Assessment criteria | <p>100 points for this indicator.</p> <p>100 points for all 3 selections from A–C. 66 points for 2 selections from A–C; MUST include A. 33 points for A. 0 points for 1–2 selections from B–C, OR D.</p> | <p>Further details:</p> <p>Selecting 'D' will result in 0/100 points for this indicator.</p> |
| Multiplier | Moderate | |