

# STEWARDSHIP INITIATIVE OF THE YEAR

## DESCRIPTION

Entries in this category could include collaborative engagement initiatives, shareholder resolutions, public policy engagements or projects using other [stewardship tools/activities](#).

Judges will base their decision on the alignment of the project with PRI's framework for leadership in stewardship; [Active Ownership 2.0](#). Each will be assessed based on the degree to which they use all available tools to seek real world outcomes, the degree to which they seek to address a systemic sustainability issue (i.e. a common goal) and the degree to which they use collaboration between investors and with other stakeholders as a vehicle to achieving progress.

Collaborative engagements that are coordinated solely by the PRI are not eligible for this award. Collaborative initiatives in any form must be submitted for the initiative overall, rather than for the contributions of one (or a subset of) participant(s).

Submissions must either have the sign off of all signatories participating in the initiative or a suitable governance body for the initiative (e.g. a steering committee).

## ENTRY QUESTIONS

1. Give a brief overview of your initiative, its objectives, and why you decided to undertake it. (Max. 400 words)

2. Describe how your initiative is aligned to Active Ownership 2.0, including:

- The significance of the systemic, real world outcomes it seeks
- How the initiative uses a variety or combination of stewardship tools/activities to achieve outcomes
- The theory of change for the initiative (making clear how the initiative intends to drive real world outcomes through use of the selected tools/activities)
- The ambition, ingenuity and/or effort of the initiative
- How collaboration was used to drive outcomes
- Any challenges associated with the initiative and how these were overcome

(Max. 1000 words)

3. The results achieved in the initiative to date, including evaluation of its success against the objectives; any adjustments to plans going forward; any insights learned from this project that can be applied more broadly? (Max. 400 words)

## JUDGING CRITERIA

**Impact (20 points available):**

- Does the initiative clearly address a systemic sustainability issue? How credible, necessary and sufficient is the initiative and its theory of change in the context of the issue being addressed? (20)

**Objectives (15 points available):**

- Does the initiative evidence genuine commitment to the achievement of outcomes (vs display of outcomes), e.g. a use of a variety of stewardship tools/activities and a clear escalation pathway if early-stage milestones are not achieved? (15)

**Collaboration (15 points available):**

- How was collaboration used to amplify the ambition, effectiveness or results? (10)
- Were affected groups or other non-investor stakeholders active and empowered participants in the initiative? (5)

**Highest possible total score: 50 points**

## REAL WORLD IMPACT OF THE YEAR

### DESCRIPTION

This award will be given to a signatory who has sought to align its investments with global goals across its portfolio, or for given asset classes or for an investment product. This approach is an example of [“investing with SDG outcomes”](#) or more broadly [“investing for sustainability impact”](#).

[Global goals](#) are set through international agreements and frameworks, national implementation, or societal expectations, including:

- The SDG goals and targets
- The Paris Agreement
- The UN Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- and other environmental, social, governance, and development objectives established by political or socio-economic institutions.

We are looking for an approach that is/can be applied to a large portfolio, including, but not limited to, publicly traded products, and therefore an approach that is broader than traditional impact investing.

### ENTRY QUESTIONS

1. Describe how you identify positive and negative sustainability outcomes related to your investments. This should include information on:

- The framework(s) (e.g. the SDGs) and/or tools (e.g. SASB) you used to identify the positive and negative outcomes
- Whether you identified both the positive AND negative outcomes
- The learnings from understanding the positive and negative outcomes related to your investments

(Max. 500 words)

2. Give an overview of your sustainability outcome policies and/or targets, explaining the methodology for establishing them. This should include information on:
  - The rationale for pursuing sustainability outcomes objectives
  - The sustainability outcomes, positive and/or negative, that you are seeking to increase or decrease
  - The description of the process conducted to prioritise which sustainability outcomes to focus on
  - How achieving those sustainability outcome objectives/targets contributes to wider sustainability goals - e.g. [global goals and thresholds](#)
  - The specific targets you have set, and/or relevant related policies you have established to implement action on sustainability outcomes
  - Whether these policies and/or targets apply to your entire portfolio, asset class, or to an investment product

(Max. 800 words)

3. Explain how you have sought to increase positive and decrease negative sustainability outcomes. This should include information on:
  - Which levers you have used to achieve your targets and/or relevant policies (investment allocations, stewardship of investees and/or engagement with policy makers and key stakeholders), why you have chosen such levers, and how you have used them (individually or in combination)
  - If and how you are working collectively with other investors or collaboratively with other stakeholders to achieve your targets

(Max. 600 words)

4. Describe how you are tracking performance against your sustainability outcomes targets and/or policies (qualitative and quantitative). Include details of any progress achieved to date, any lessons learned, and how investment strategies or implementation approaches have shifted as a result of experience so far. (Max. 400 words)

## JUDGING CRITERIA

### Identifying sustainability outcomes (25 points available):

- Explains framework(s) (e.g. the SDGs) and/or tools (e.g. SASB) used to identify positive and negative outcomes related to investments (5)

- Identified both negative and positive outcomes (10). If identified either the positive or negative outcomes alone (5 points out of 10)
- Identified outcomes at portfolio level (10), asset class level (6 points out of 10) or product level (3 points out of 10).

**Setting policies/targets (40 points available):**

- The rationale includes how sustainability outcomes objectives relate to the investor's fiduciary duties and/or beneficiaries' preferences, and to financial objectives (e.g. sustainability objectives are pursued in their own right, or in order to improve financial risk/return) (5)
- Policies and/or targets include both reducing potential negative outcomes and increasing positive outcomes; (10) or just either of reducing the negative or increasing the positive (5 points out of 10)
- Explains how the investor effectively links its policies and/or targets from global or regional goals and translates them to local context. Alternatively, explains why it has set the targets independently from global goals. (5)
- For each sustainability outcome policy and/or target, provides a brief description and/or list the metrics or key performance indicators (KPIs) associated with them, and the target deadlines (10)
- Policies and/or targets apply across investor's portfolio (10), asset class (6 points out of 10) or to a product (3 points out of 10)

**Increasing positive and decreasing negative outcomes (25 points available):**

- The degree to which the investor uses all available levers (investment allocations, stewardship, engagement with policy makers and/or key stakeholders) to increase the positive, and decrease the negative sustainability outcomes (10)
- Explains how the investor's actions will contribute to increasing the positive outcomes and decreasing the negative outcomes (5)
- Explains whether and how the investor works collectively or collaboratively with other stakeholders in the financial system (e.g. with other investors, banks, credit rating agencies, multilateral institutions) or other areas (e.g. corporates, academics, governments, NGOs) (10)

**Monitoring progress (20 points available):**

- Explains how the investor tracks performance by the investee and progress against the sustainability outcomes policies and/or targets set (10)
- Insights provided on any lessons learnt, including any adjustments to plans going forward, what happens in the event that the policies and/or targets are not met, as well as any learnings that can be applied broadly (10)

**Highest possible total score: 110 points**

# ESG INCORPORATION INITIATIVE OF THE YEAR

## DESCRIPTION

For the PRI, ESG incorporation is the assessment, review and consideration of ESG factors in existing investment practices through a combination of three approaches: integration, screening, and thematic investing. ESG incorporation generally functions alongside—or in combination with—stewardship or active ownership.

This award recognises leading practice in ESG incorporation. The winner could be a new ESG tool, technique, practice, process or product that will have broken new ground in the incorporation of ESG factors into portfolio construction or asset selection or in a particular asset class or across multi asset portfolios. This could cover approaches on integration, screening or thematic investing (see [definitions here for further guidance](#)). The entrants should give a practical example of how their approach has been integrated into practice by demonstrating how this process has changed portfolio construction, asset allocation or asset selection.

## ENTRY QUESTIONS

1. Provide a short overview of the practice, process or product that is being proposed for the award, including a description of how it is an innovative approach to ESG incorporation and its coverage within your firm. (Max. 200 words)
2. Describe why you decided to undertake this approach. (Max. 250 words)
3. Provide a practical example of how you have applied your approach to an investment (security/issuer/sector/asset class/portfolio). (Max. 350 words)
4. Provide an example of the outcomes, outline the benefits and challenges associated with the introduction of this initiative and what you have learned from this approach that can be applied more broadly. How might you intend to develop the process or practice? (Max. 500 words)

## JUDGING CRITERIA

### **Process, practice or tool (50 points available):**

- Is the process, practice or tool clearly described and the reason for introducing the innovation clearly explained? (10)
- Does the process, practice or tool improve the organisation's ability to incorporate ESG factors into investment decision making in innovative and different ways? (30)
- Has the approach been applied across a wide range of asset types? (security/issuer/sector/asset class/portfolio) (10)

**Outcomes, benefits, challenges and next steps (60 points available):**

- Has the applicant clearly outlined how the process has added value to asset selection, portfolio construction and/or risk management? (20)
- Have the results / benefits of this process been clearly outlined and quantified? (20)
- Has the applicant clearly outlined the challenges to introducing this new process, practice or tool? (10)
- Has the applicant clearly outlined how the process might be improved or the next steps the applicant is considering in developing this specific process? (10)

**Highest possible total score: 110 points**

## ESG RESEARCH INNOVATION OF THE YEAR

### DESCRIPTION

This award will recognise an innovation in ESG research. This could be a standalone research report that offers new and meaningful insights into integration of an ESG issue into an investment decision, valuation or analysis of an asset, sector or asset class. Issues could be idiosyncratic or systemic and be applied to a single or multiple asset classes. It might also be an innovation in the way your organisation utilises, disseminates or consumes ESG research, data or information for investment decision making or responding to regulatory changes such as the EU Taxonomy.

Academic research should be submitted separately for the PRI award for outstanding research, organised by the PRI Academic Network.

Entrants will be judged on the originality of their approach, rigour of the research process and potential impact of their findings.

### ENTRY QUESTIONS

1. Provide a short overview of the research innovation being proposed for the award, including how it is innovative. (Max. 200 words)
2. Provide a description of why you decided to undertake this approach. (Max. 250 words)
3. Provide an outline as to:
  - the value this approach has provided or a summary of the key conclusions;
  - what you have learned from this approach or report that can be applied more broadly.

(Max. 600 words)

## JUDGING CRITERIA

### **Introduction and research innovation (20 points available):**

- Is the research report or innovation (this could be a tool, process or distribution mechanism) clearly described? (10)
- Is the problem being addressed by the research innovation clearly described/outlined? (10)

### **Outcomes, benefits, challenges and next steps (60 points available):**

- Does the content of the report provide a new and different insight into integration of an ESG issue into an investment decision, valuation process or analysis of an asset, sector or asset class? If the innovation is not a specific report, does the innovation help investors come to new or different insights into the integration of ESG issues into investment decision making? (30)
- Are the key conclusions, actions or implications for an investment process clearly outlined? Has quantifiable evidence of these findings been provided? (20)
- Has the applicant clearly outlined what they have learned from this process and how this might be applied to other decisions, processes or asset classes in the future? (10)

**Highest possible total score: 80 points**