

PRI 2021 Assessment methodology for investors

January 2021

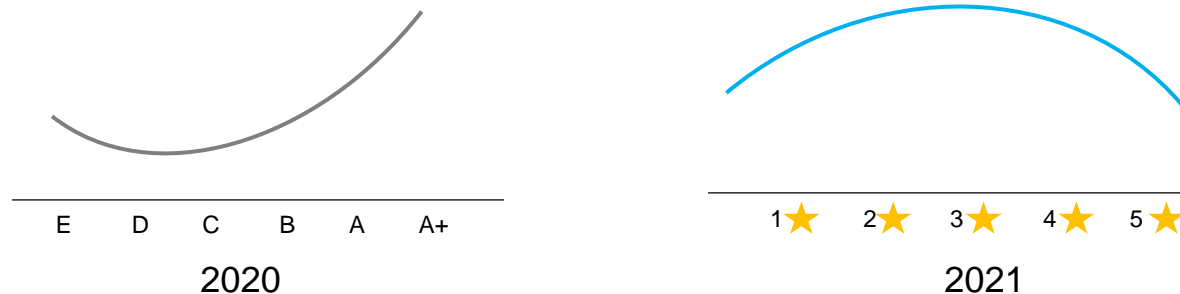


This presentation is being provided to you by PRI Association ("the PRI") and its subsidiaries for information purposes only. The presentation is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by the PRI. No reliance may be placed on its accuracy or completeness. Neither the presentation, nor any of its contents, may be reproduced, or used for any other purpose, without the prior written consent of the PRI. PRI Association is incorporated in England & Wales, registered number 7207947 and registered at 25 Camperdown Street, London E1 8DZ.

Why review the assessment methodology

The assessment methodology has been re-designed to reflect the changes in the PRI Reporting Framework and to account for where responsible investment is, as well as future advancements.

- Assessment revised in-line with wider recalibration of the Reporting Framework



- Absolute grading, with the aim of achieving a balanced distribution of scores
- Potential for targeted annual recalibration of assessment, to take into account the evolution of the Reporting Framework in alignment with developments in the Responsible Investment market
- Providing context via peering

Due to the scope of the scoring recalibration which has been undertaken in the context of the Reporting and Assessment review, both the question-level and the module-level assessment methodology are preliminary and subject to amendments and finalisation shortly after the 2021 reporting cycle. Any such changes will be communicated alongside the 2021 outputs.

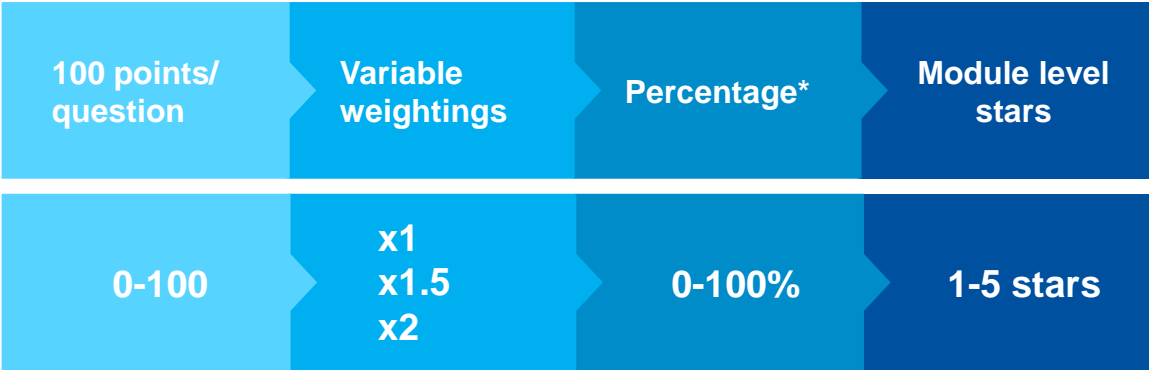
Evolution of the assessment process

How PRI assessment is changing in 2021

Previous assessment process



New assessment process



*Percentage achieved from applicable assessed indicators, calculated as tot points achieved/tot points available (only considering indicators relevant for the signatory) in the module

Indicator level assessment – indicator types

You will come across two types of indicators in the Reporting Framework



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



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

- Only 'CORE' indicators are assessed
- 'PLUS' indicators used to outline leading practices but not assessed

Indicator level assessment - scoring styles

Varied approaches for assessing different styles of indicators

- The differing scoring styles are based on the principle of 100 points being available for allocation from the initial phase of assessment. The two main approaches applied are:



Learning curve

More advanced practices are worth more points



The more the better

The more answer options selected, the more points scored

- In some instances, AUM coverage or frequency of a practice will contribute to the points allocation, such that larger AUM coverage and/or higher frequency result in a higher score.

*See appendix for some practical scoring styles examples in the new Reporting Framework modules

Indicator level assessment – weighting

How the indicators scores are weighted

- Once the preliminary score has been calculated from the assessment criteria for the 100 available points, a multiplier is applied to the indicator score
- Three multipliers are available:
 - Low x1
 - Moderate x1.5
 - High x2
- Multiplier weighting is reflective of the indicator relative importance with respect to responsible investment practices and/or the PRI's overall mission.



Due to the scope of the scoring recalibration which has been undertaken in the context of the Reporting and Assessment review, both the question-level and the module-level assessment methodology are preliminary and subject to amendments and finalisation shortly after the 2021 reporting cycle. Any such changes will be communicated alongside the 2021 outputs.

Module level assessment - grading

Moving away from the A+-E to a numerically based five-star grading system to reflect that scores for the 2021 reporting cycle cannot be compared to previous years.



Allocated per module, with **no overall organisation score**

Resources

More information and resources about Reporting and Assessment available at www.unpri.org/reporting

- Find out more about PRI assessment at [How investors are assessed on their reporting](#)
- See the [Reporting Framework modules explanatory notes](#) for further details on the indicator level assessment criteria



Due to the scope of the scoring recalibration which has been undertaken in the context of the Reporting and Assessment review, both the question-level and the module-level assessment methodology are preliminary and subject to amendments and finalisation shortly after the 2021 reporting cycle. Any such changes will be communicated alongside the 2021 outputs.

Appendix

Assessment Methodology: Module Introduction

The indicator level assessment methodology is explained under each indicator in the offline version of the [Reporting Framework modules](#).

Assessment	
Assessment criteria	Indicates the basis for assessment or “Not assessed”.
“Other” scored as	Indicates whether, and how, selecting “Other” as an answer option is scored.
Multiplier	<p>All indicators have 100 points available to be scored within the initial phase of assessment. A multiplier is then applied, weighted according to the indicator’s importance relative to other indicators.</p> <ul style="list-style-type: none">• High importance indicators are weighted x2.• Moderate importance indicators are weighted x1.5.• Low importance indicators are weighted x1.

Assessment Methodology: Indicator Example

Only one option assessed, with points attributed to only that option.

Indicator ID ISP 9	Dependent on:	N/A	Sub-section People and capabilities	PRI Principle General	Type of Indicator CORE
Gateway to:	N/A				
How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?					
<input type="radio"/> (A) Quarterly or more frequently <input type="radio"/> (B) Bi-annually <input type="radio"/> (C) Annually <input type="radio"/> (D) Less frequently than annually <input type="radio"/> (E) On an ad hoc basis <input type="radio"/> (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals					
Assessment					
Assessment criteria	100 points for this indicator. 0 score for no answer selection or F. 32 score for 1 selection from D, E. 64 score for C. 100 score for 1 selection from A, B.				
Multiplier	Low x1 weighting.				

Assessment Methodology: Indicator Example

Potential for multiple answer option selections, with points attributed to the selections.

Indicator ID	Dependent on:	ISP 23	Sub-section	PRI Principle	Type of indicator
ISP 25	Gateway to:	N/A	Engaging policymakers – Transparency	2	CORE
<p>During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?</p> <p><input type="checkbox"/> (A) We publicly disclosed details of our policy engagement activities Add link(s): _____</p> <p><input type="checkbox"/> (B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement Add link(s): _____</p> <p><input type="radio"/> (C) No, we did not publicly disclose our policy engagements activities during the reporting year Explain why: _____ [Free text: medium]</p> <p><input type="radio"/> (D) Not applicable, we did not conduct policy engagement activities</p>					
Assessment					
Assessment criteria	<p>100 points for this indicator.</p> <p>0 score for no answer selection or C. 32 score for B. 64 score for A. 100 score for both selections from A and B.</p> <p>Selection of D will mean that indicator is scored as N/A.</p>				
Multiplier	High x2 weighting.				

Allow multiple selection

Allow single selection

Assessment Methodology: Indicator Example

Available points divided equally between lettered and coverage answer options.

Indicator ID	Dependent on:	OO 6 FI	Sub-section	PRI Principle	Type of Indicator
FI 21	Gateway to:	N/A	ESG screens	6	CORE
How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?					
(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to list of ESG screens: _____		[Dropdown list] (1) for all of our fixed income assets subject to ESG screens (2) for the majority of our fixed income assets subject to ESG screens (3) for a minority of our fixed income assets subject to ESG screens (4) for none of our assets subject to ESG screens			
(B) We publish any changes in ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to ESG screen changes: _____		[As above]			
(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries		[As above]			
Assessment					
Assessment criteria	100 points for this indicator divided between lettered and coverage answer options. 0 score for no selection. 16 score for 1 selection from A–C. 32 score for 2 selections from A–C. 50 score for all 3 selections from A–C. The 50 points for the coverage (numbered answer options) divided between number of possible answer selections (3). Per answer selection A to C, each option will be worth the following proportion: 0 if no answer selection or none (4). 25% of (50/3) score for minority (3). 50% of (50/3) score for majority (2). 100% of (50/3) score for all (1).				
Multiplier	High x2 weighting.				