

PRI 2023 Assessment methodology for investors

December 2023



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Contents

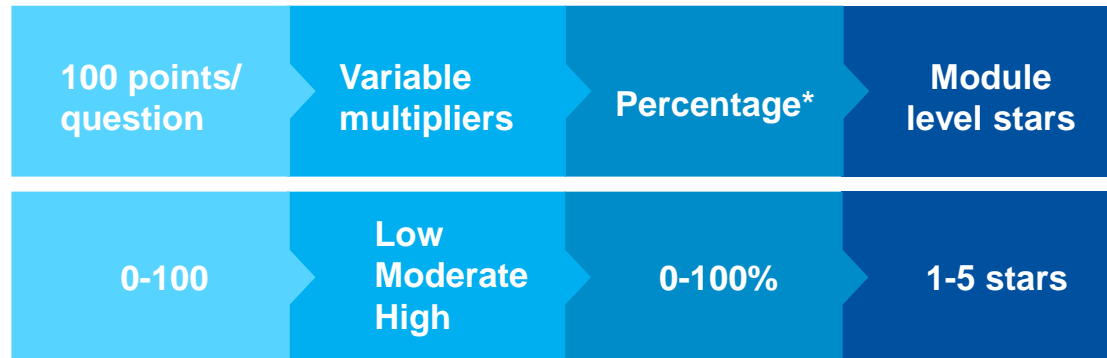
| | |
|--|----|
| 2023 Assessment Methodology | 4 |
| Indicator types | 5 |
| Scoring styles | 6 |
| Scoring pathways | 8 |
| Multipliers: How the indicator scores are weighted | 9 |
| Module-level assessment – Scoring | 10 |
| What asset owners should report on | 11 |
| What investment managers should report on | 12 |
| Example: Reporting for investment managers | 14 |
| Scoring thresholds | 15 |
| Resources | 16 |
| Appendix | 17 |



2023 Assessment Methodology

| 2021-23 Key changes | |
|--|--|
| Indicator-level assessment | Module-level assessment |
| <p>We changed the indicator-level assessment where appropriate to align with updates to the Reporting Framework indicators and to reflect changes in the responsible investment industry.</p> <p>We have also clarified the wording of the assessment criteria for each indicator.</p> | <p>The methodology for how indicator-level assessment translates to module-level assessment scores remains consistent with the 2021 methodology, including the scoring thresholds.</p> |

Assessment process



*The percentage is based on the points scored in all applicable assessed indicators for each module. It is calculated as the total points achieved divided by the total points available (only considering applicable indicators) in the module.

Indicator types

There are two types of indicators in the Reporting Framework.



- **Assessed**
- Mandatory
- Public
- Relatively stable
- Process-focused
- Closed-ended



- **Not assessed**
- Voluntary
- Public or private (signatories' choice)
- Evolving
- Process and outcomes focused
- Closed- and open-ended

Only 'core' indicators are assessed but **free-text responses in 'core' indicators are not assessed** as no qualitative data is considered in the scoring.

Scoring styles

For each indicator, signatories can score from 0 to 100 points based on three main approaches:



Learning curve

More advanced practices are worth more points.



More is better

The more answer options selected; the more points scored.



Coverage and Frequency

In some instances, AUM coverage and/or frequency of a practice or conditions will contribute to the points allocation.

See the [Appendix](#) for some practical scoring styles examples.

Scoring styles

'Other' answer options

The 'Other, please specify' options may not receive a score, depending on how well the remaining answer options within the indicator capture the most relevant practices.

'N/A' - not applicable

The indicator or module is **not applicable** (not scored) when:

- a signatory has no AUM within the asset class / sub-strategy, or
- the indicator is not applicable in a particular signatory's context.

Asset owners will receive a not applicable (N/A) score for all their internally managed AUM. See [page 11](#) for further details.

'N/R' - not reported

If a signatory opts out of voluntarily reporting, the module is considered 'not reported' and therefore not scored.

When ESG is not incorporated into internally and/or externally managed asset classes, signatories will be penalised even when opting out of voluntary reporting. Please refer to the [pages 11 to 14](#) for more information.

Scoring pathways

Some indicators will only be applicable for reporting based on the response to previous indicators. In such cases, where the score is also impacted by the responses provided in previous indicators, it means there is a scoring pathway.

Scoring pathways can affect signatories' scores, and indicators and modules may be penalised based on the information disclosed in previous indicators. The full list of scoring pathways can be found in the Logic Guide, available on the [Investor Reporting Framework](#) webpage.

Examples

- Examples of scoring pathways impacting module scores can be found in [pages 11 to 14](#) of this presentation.
- Scoring pathways are also outlined in each indicator's assessment section in the Reporting Framework. Example:

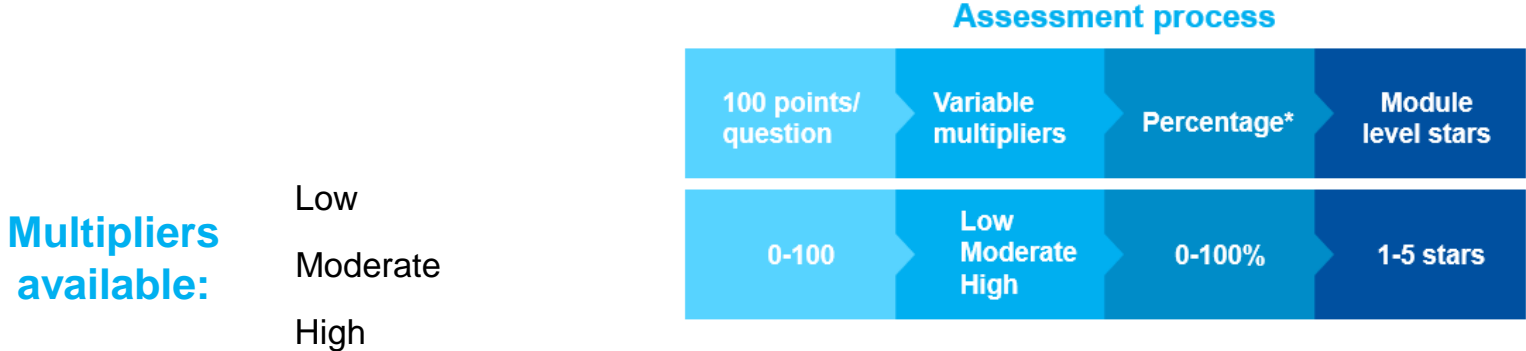
| Assessment | | |
|----------------------------|---|---|
| Assessment criteria | 100 points for this indicator. 100 points for A. 50 points for 1 selection from B–C. 0 points for D. | Further details: Selecting 'D' will result in 0/100 points for this indicator and the following indicator: PGS 31. |

Multipliers: How the indicator scores are weighted

How the indicators scores are weighted.

Multipliers reflect an indicator’s relative importance with respect to responsible investment practices and/or the PRI’s overall mission. Every assessed indicator has a multiplier that could be low, medium, or high.

To view them in advance, you can download individual modules via the [Investor Reporting Framework](#) page.



- A multiplier is applied to every indicator’s score (0-100 points available).
- The points resulting from the indicator scores and multipliers are then used to calculate the module score.

The numerical multipliers will be visible to signatories in the Reporting Tool and in their Assessment Reports.

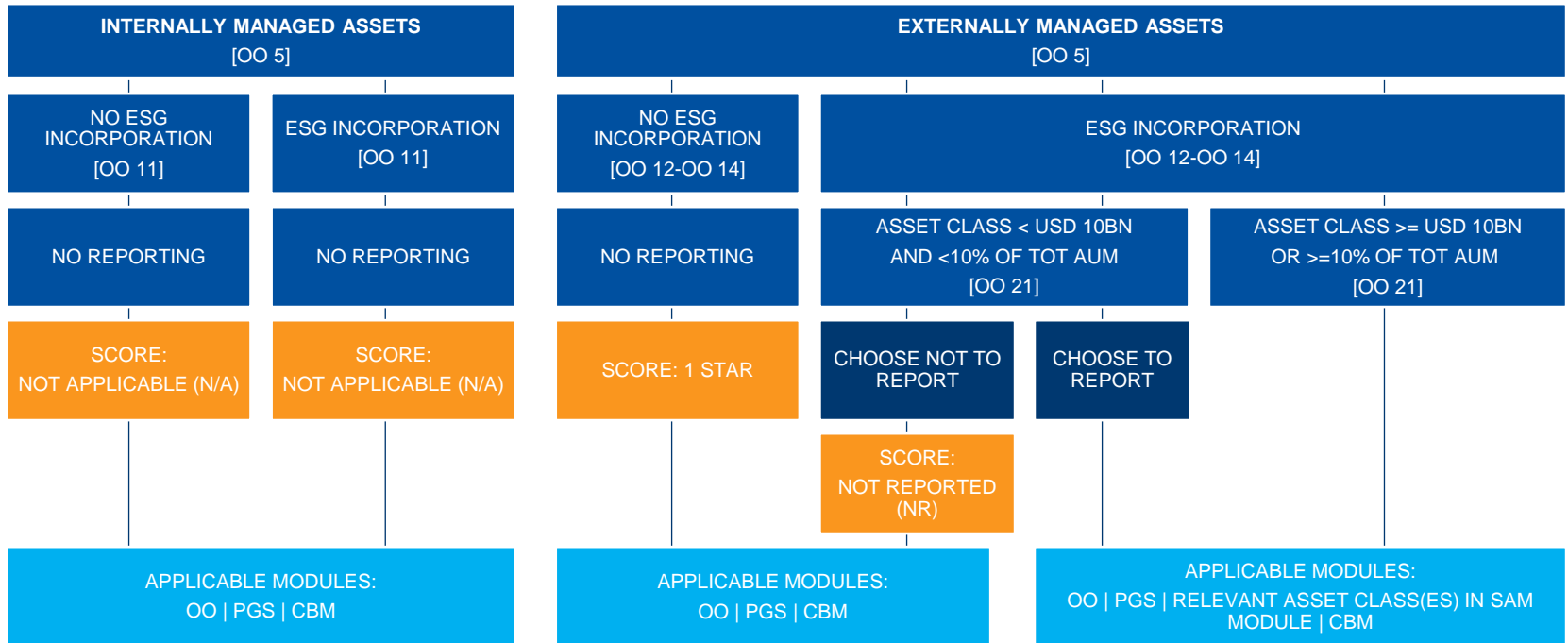
Module-level assessment – Scoring

Module scores are based on the total number of indicator points after multipliers have been applied.

| | | | |
|---------------------------------------|---|----------------------|------------------|
| Not scored | Senior Leadership Statement (SLS) | | |
| | Organisational Overview (OO) | | |
| | Sustainability Outcomes (SO) | | |
| Module score | Policy, Governance and Strategy (PGS) | | |
| | Confidence Building Measures (CBM) | | |
| | Private equity (PE) | Infrastructure (INF) | Real estate (RE) |
| Asset class/sub-strategy score | Manager Selection, Appointment & Monitoring (SAM) | | |
| | Fixed income (FI) | Listed equity (LE) | Hedge funds (HF) |

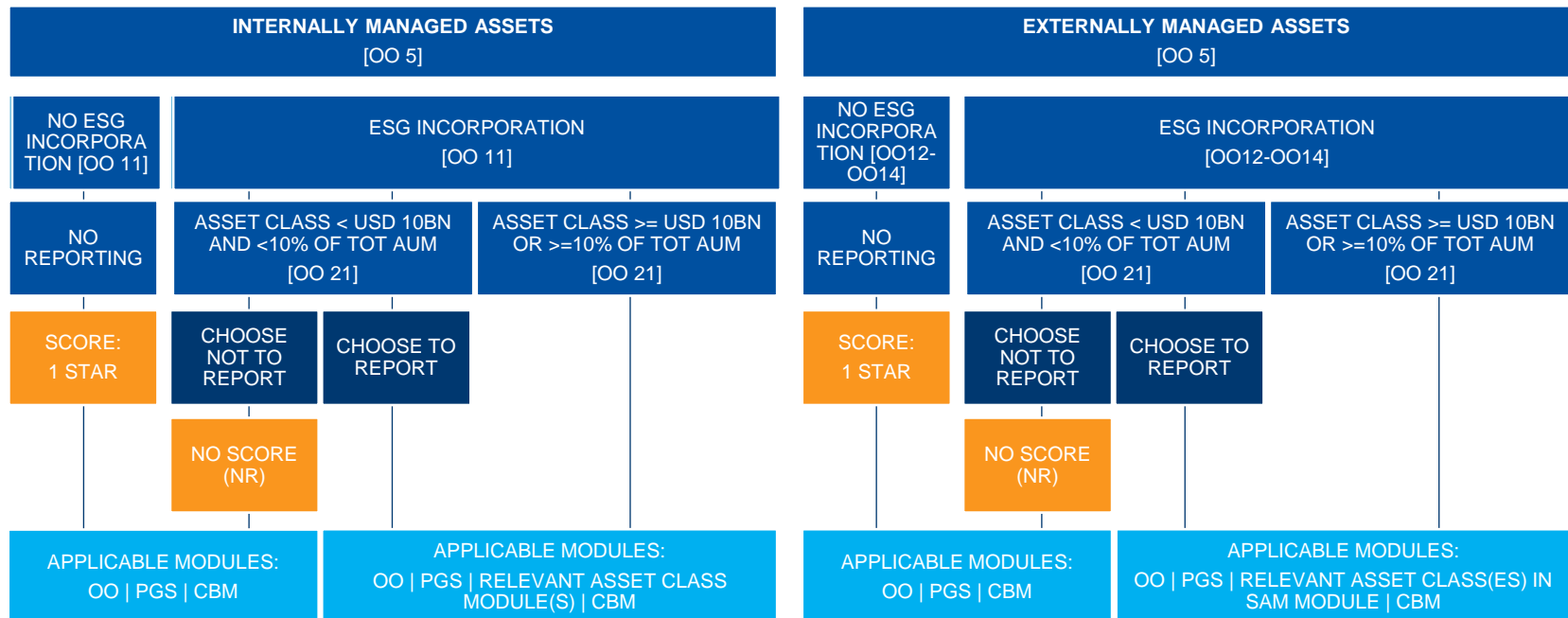
Signatories will not receive an **overall organisation score**.

What asset owners should report on



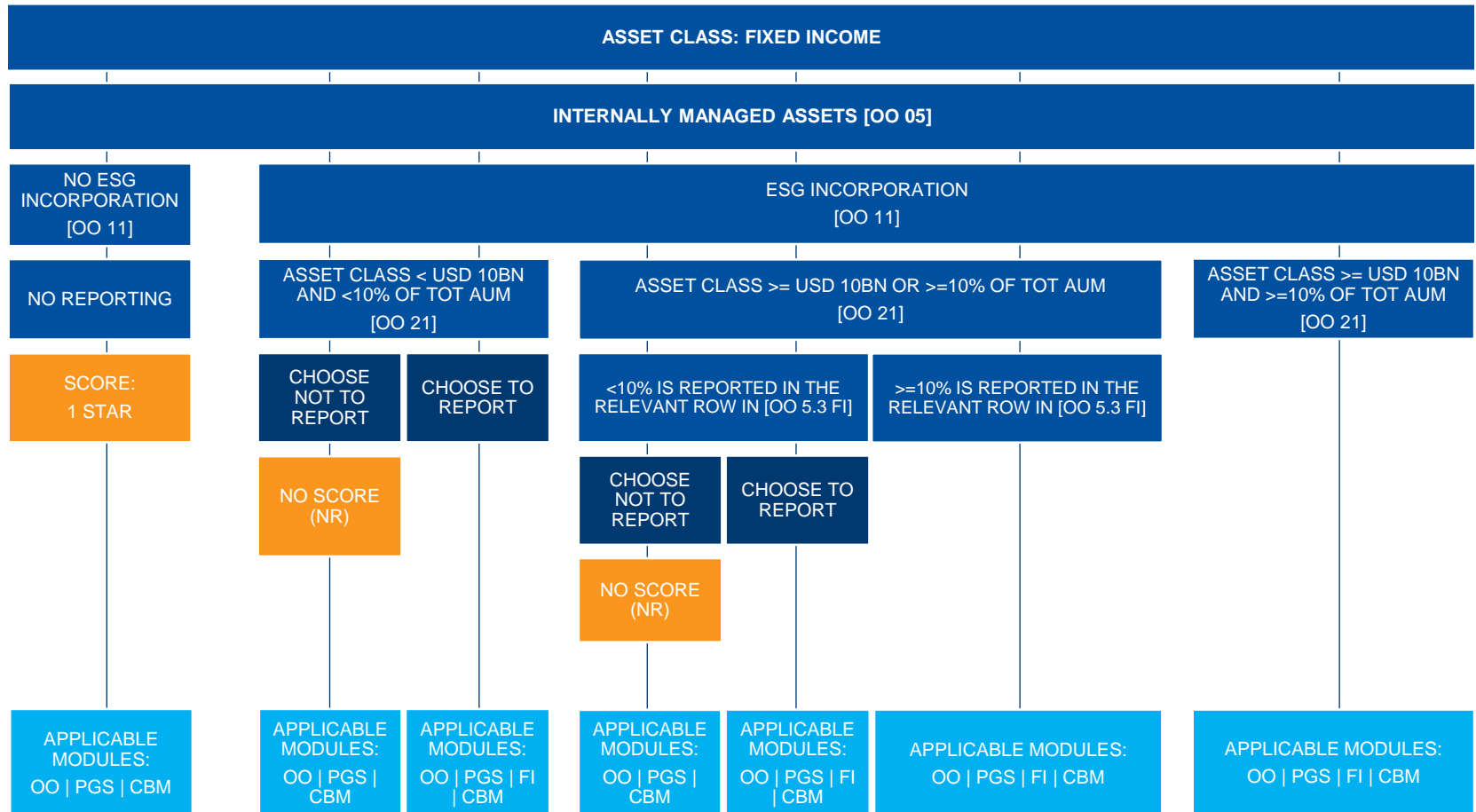
Signatories will not receive an **overall organisation score**.

What investment managers should report on



Signatories will not receive an **overall organisation score**.

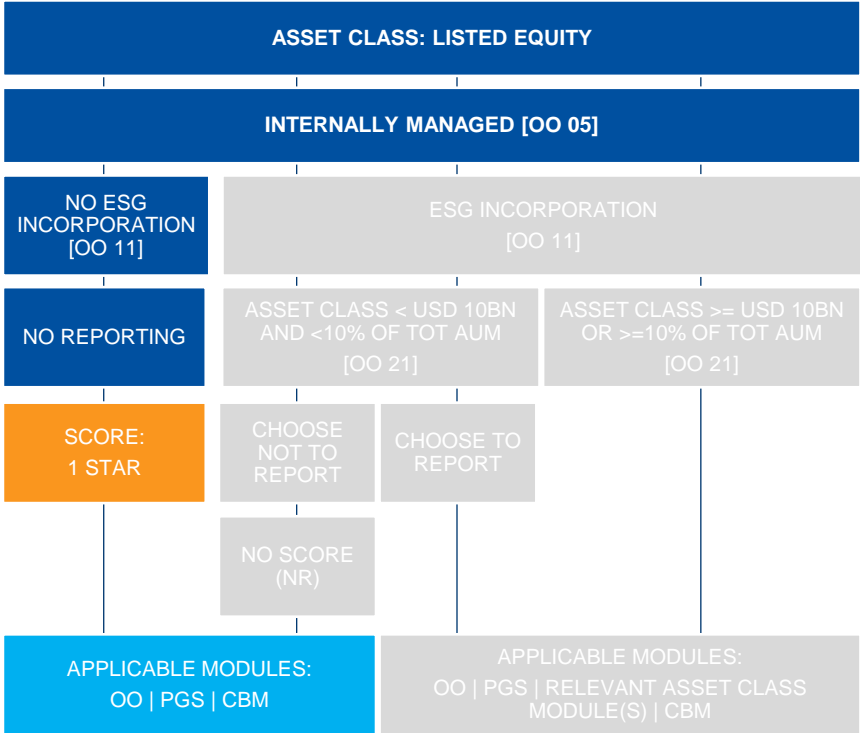
What investment managers should report on (Fixed income)



Signatories will not receive an **overall organisation score**.

Example: Reporting for Investment managers

Example: a signatory holds < USD 10bn **AND** <10% of total AUM [OO 5] but does not incorporate ESG [OO 11] in one asset class (e.g. Listed Equity).



Assessment pathway used to score this signatory on the LE module.



Signatories will not receive an **overall organisation score**.

Scoring thresholds

The number of stars signatories are allocated per module depends on the percentage score they achieve. The 2023 scoring thresholds remain consistent with those used in 2021.

Do not do ESG or scored $0 \leq 25 \%$



$> 25 \leq 40 \%$



$> 40 \leq 65 \%$



$> 65 \leq 90 \%$



$> 90 \leq 100 \%$



Do not hold the asset class

N/A – not applicable

Opted out of reporting

N/R – not reported

Allocated per module/asset class/sub-strategy. There is **no overall organisation score.**

Resources

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

- Find out more about PRI assessment on our webpage, [How investors are assessed on their reporting](#), including guidance on how to publish your Assessment scores.
- See the [Reporting Framework modules explanatory notes](#) for further details on the indicator level assessment criteria.



Appendix

Indicator-level assessment criteria

The indicator-level assessment criteria is explained under each indicator in 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 | All indicators have 100 points available to be scored. A multiplier is then applied, weighted according to the indicator’s importance relative to other indicators. |

Indicator-level assessment: Example

Some indicators apply to different sub-strategies. Signatories can score from 0 to 100 points for the indicator, regardless of the number of applicable sub-strategies. Each sub-strategy will receive a separate score.

| Indicator ID | Dependent on: | OO 21 | Sub-section | PRI Principle | Type of indicator | |
|--|---|---|---|--------------------------|--------------------------|-------------------------------|
| | Gateway to: | N/A | | | | ESG incorporation in research |
| <p>FI 3</p> <p>For the majority of your fixed income investments, does your organisation incorporate material ESG factors when assessing their credit quality?</p> | | | | | | |
| | | 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"/> | <input type="radio"/> |
| Assessment | | | | | | |
| Assessment criteria | 100 points for this indicator. 100 points for both A and B. 66 points for A. 33 points for B. 0 points for C. | | Further details: Selecting 'C' will result in 0/100 points for this indicator. <div style="border: 2px solid blue; padding: 5px;"> The number of asset types applicable will not affect the points available for this indicator, as each asset type will receive a separate score. </div> | | | |
| Multiplier | Multiplier will be confirmed ahead of the 2023 reporting cycle starting in mid-May. | | | | | |

Allow multiple selection

Allow single selection

Indicator-level assessment: Example of scoring style

For learning curve indicators, more advanced practices are worth more points.

| Indicator ID | Dependent on: | OO 9 | Sub-section | PRI Principle | Type of indicator |
|--|--|------------|------------------------------------|---|-------------------|
| PGS 30 | Gateway to: | N/A | Stewardship: (Proxy) voting | 2 | CORE |
| <p>How is voting addressed in your securities lending programme?</p> <p> <input type="radio"/> (A) We recall all securities for voting on all ballot items <input type="radio"/> (B) When a vote is deemed important according to pre-established criteria (<u>e.g.</u> high stake in the company), we recall all our securities for voting Provide details on these criteria: _____ [Mandatory free text: medium] <input type="radio"/> (C) Other Specify: _____ [Mandatory free text: medium] <input type="radio"/> (D) We do not recall our securities for voting purposes <input type="radio"/> (E) Not applicable; we do not have a securities lending programme </p> | | | | | |
| Assessment | | | | | |
| Assessment criteria | 100 points for this indicator. 100 points for A. 75 points for B. 25 points for C. 0 points for D. | | | Further details: Selecting 'D' will result in 0/100 points for this indicator. Selecting 'E' means the indicator is scored as N/A. Signatories will not be penalised for this indicator. | |
| 'Other' scored as | Selecting Other (C) will be scored 25 points. | | | | |
| Multiplier | Multiplier will be confirmed ahead of the 2023 reporting cycle starting in mid-May. | | | | |

Indicator-level assessment: Example of scoring style

For more is better indicators, the more answer options selected, the more points scored.

| Indicator ID | Dependent on: | N/A | Sub-section | PRI Principle | Type of indicator |
|--|--|-----|---|---|-------------------|
| PGS 16 | Gateway to: | N/A | External reporting and disclosures | 6 | CORE |
| <p>What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?</p> <ul style="list-style-type: none"> <input type="checkbox"/> (A) Any changes in policies related to responsible investment <input type="checkbox"/> (B) Any changes in governance or oversight related to responsible investment <input type="checkbox"/> (C) Stewardship-related commitments <input type="checkbox"/> (D) Progress towards stewardship-related commitments <input type="checkbox"/> (E) Climate-related commitments <input type="checkbox"/> (F) Progress towards climate-related commitments <input type="checkbox"/> (G) Human rights-related commitments <input type="checkbox"/> (H) Progress towards human rights-related commitments <input type="checkbox"/> (I) Commitments to other systematic sustainability issues <input type="checkbox"/> (J) Progress towards commitments on other systematic sustainability issues <input type="radio"/> (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM | | | | | |
| Assessment | | | | | |
| Assessment criteria | 100 points for this indicator. 100 points for 6 or more selections from A–J. 66 points for 4–5 selections from A–J. 33 selections for 1–3 selections from A–J. 0 points for K. | | | Further details: Selecting 'K' will result in 0/100 points for this indicator. | |
| Multiplier | Multiplier will be confirmed ahead of the 2023 reporting cycle starting in mid-May. | | | | |

Indicator-level assessment: Example with coverage

For indicators with coverage, the available 100 points are divided equally between answer options and coverage selected.

| Indicator ID | Dependent on: | OO 21 | Sub-section | PRI Principle | Type of indicator |
|--|---------------|---|---|---|--|
| RE 3 | Gateway to: | RE 3.1 | Materiality analysis | 1 | CORE |
| <p>During the reporting year, how did you conduct ESG materiality analysis for your potential real estate investments?</p> <p><i>If signatories did not analyse any potential real estate investments in the reporting year, they should refer to the last reporting year in which they analysed potential real estate investments.</i></p> | | | | | |
| <input type="radio"/> (A) We assessed ESG materiality for each property, as each case is unique | | | [Dropdown list] (1) for all of our potential real estate investments (2) for a majority of our potential real estate investments (3) for a minority of our potential real estate investments | | |
| <input type="radio"/> (B) We performed a mix of property level and property type or category level ESG materiality analysis | | | [As above] | | |
| <input type="radio"/> (C) We assessed ESG materiality at the property type or category level only | | | [As above] | | |
| <input type="radio"/> (D) We did not conduct ESG materiality analysis for our potential real estate investments | | | | | |
| 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 pair of lettered and coverage answer options only. | | | | | |
| Assessment criteria | | 50 points for the lettered answer options: 50 points for A. 33 points for B. 16 points for C. 0 points for D. | 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 'D' will result in 0/100 points for this indicator and the following indicator: RE 3.1 |
| Multiplier | | Multiplier will be confirmed ahead of the 2023 reporting cycle starting in mid-May. | | | |