

# PRI 2021 Assessment methodology for investors

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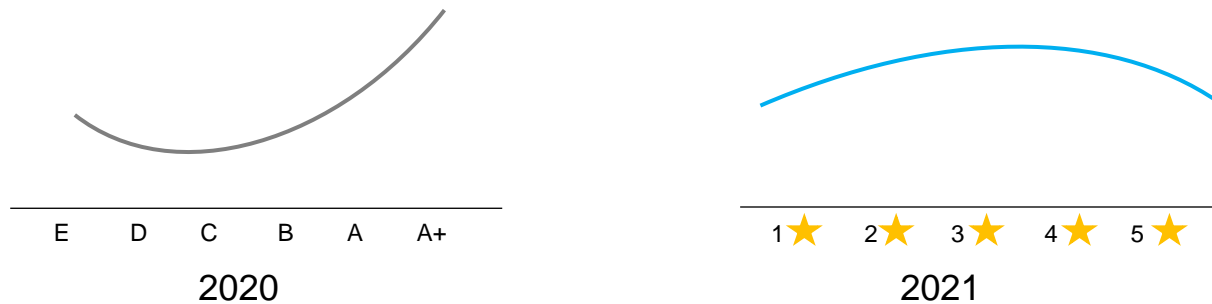
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## Why review the assessment methodology

Assessment was revised in line with wider changes to the Reporting Framework and to account for where responsible investment currently is, as well as future advancements.



In light of this:

- module grading system shifted from alphabetical (A+ to E) to numerical (1 to 5 stars), to reflect that scores for the 2021 reporting cycle cannot be compared to previous years, and
- absolute grading was adopted to achieve a more balanced distribution of scores.

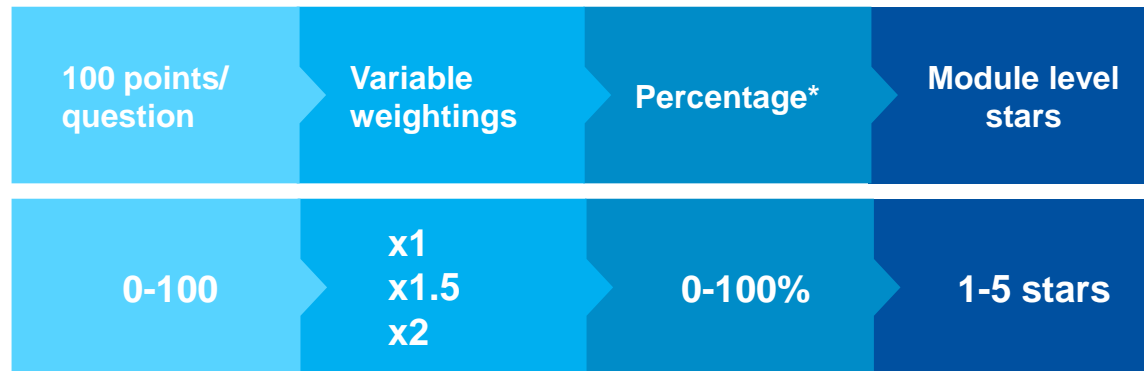
# Evolution of the assessment process

How PRI assessment has changed in 2021

## Previous assessment process



## New assessment process



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

## Indicator level assessment – Indicator types

There are two types of indicators in the Reporting Framework



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



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

**Core gateway indicators:** Some indicators, such as LE 6, are core but are **not** assessed themselves. The subsequent indicators (e.g., LE 6.1) are assessed or the response to these indicators have assessment implications.

# Indicator level assessment - Scoring styles

Varied approaches for assessing different indicators' styles

The differing scoring styles are based on the principle of 100 points being available for allocation from the initial phase of assessment.

The three main approaches applied are:



## 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.

# Indicator level assessment - Scoring styles

Varied approaches for assessing different indicators' styles

## “Other” answer options

“Other” answer options may or may not be scored, depending on how well the remaining answer options capture the most relevant practices.

## “NA” - not applicable

The indicator is **not applicable**, and therefore not scored if:

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

## “NR” - not reported

The indicator is classified as **not reported**, and therefore not scored if:

- if a signatory opts out of voluntarily reporting



# Indicator level assessment – Weighting

How the indicators scores are weighted

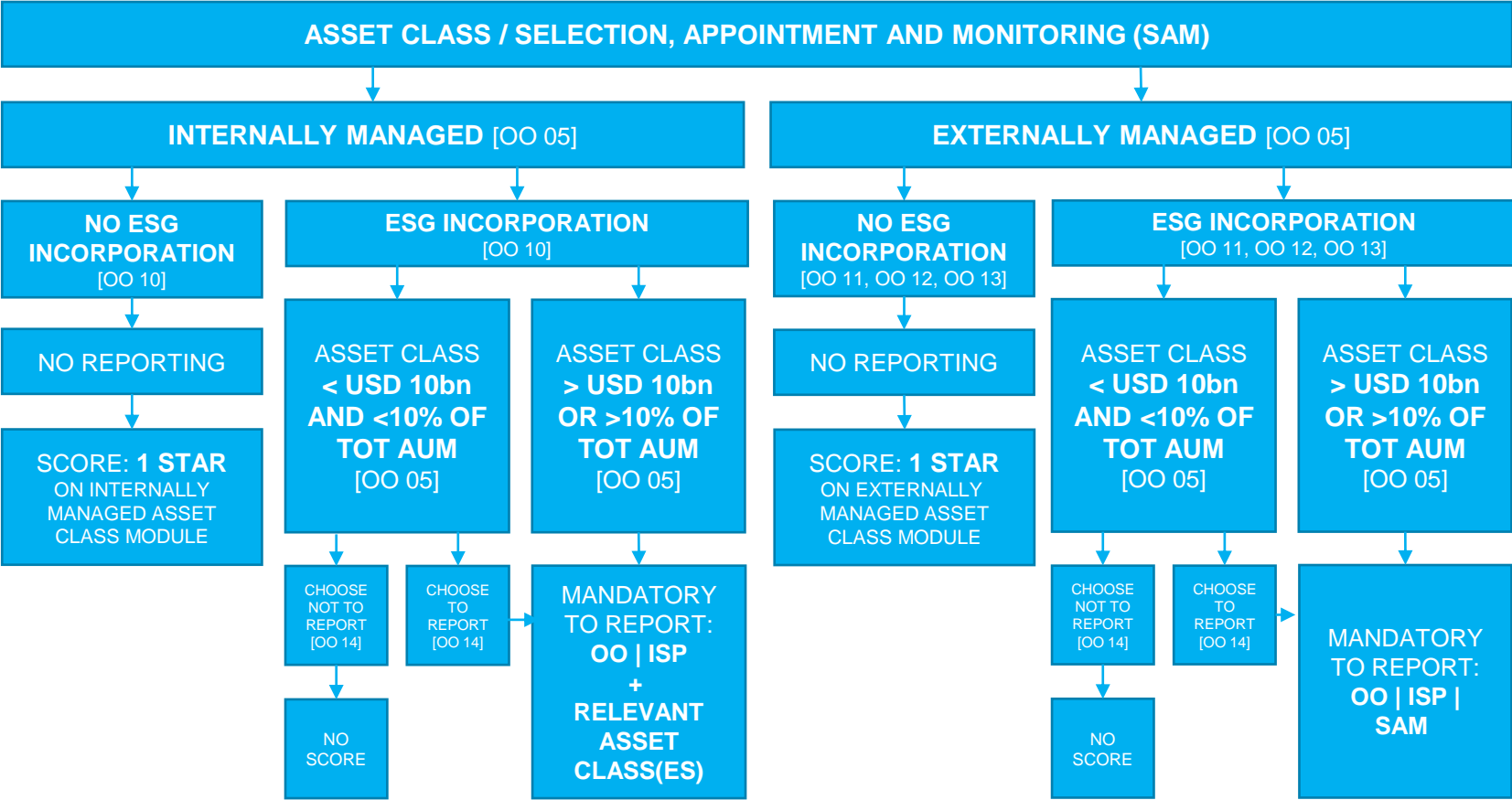
- Once the preliminary score has been calculated from the assessment criteria for the 100 available points, a multiplier is applied to the indicator score.
- Three multipliers are available:
  - Low x1
  - Moderate x1.5
  - High x2
- Multiplier weighting is reflective of the indicator relative importance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



# Module level assessment - Scoring

<b>Not scored</b>	Senior Leadership Statement (SLS)		
	Organisational Overview (OO)		
	Sustainability Outcomes (SO)		
<b>Module score</b>	Investment and Stewardship Policy (ISP)		
	Private equity (PE)	Infrastructure (INF)	Real estate(RE)
<b>Asset class/sub-strategy score</b>	Manager Selection, Appointment & Monitoring (SAM) Incorporation   Stewardship		
	Fixed income (FI) Incorporation   Engagement	Listed equity (LE) Incorporation	Hedge funds (HF) Incorporation
		Listed equity (LE) Voting	Hedge funds (HF) Voting

# Module level assessment - Reporting for Investors








Signatories will not receive an overall organisation score.

# 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

The scoring thresholds define at which percentage boundary a grade is allocated:

Do not do ESG or scored $0 \leq 25 \%$	
> 25 ≤ 40 %	
> 40 ≤ 65 %	
> 65 ≤ 90 %	
> 90 ≤ 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, with **no overall organisation score.**

# Resources

More information and resources about Reporting and Assessment available at [www.unpri.org/reporting](http://www.unpri.org/reporting).

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



For guidance on how to correctly publish the assessment results, see the 2021 Publication Guidelines in the Assessment Reports.

# 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	
<b>Assessment criteria</b>	Indicates the basis for assessment or “Not assessed”.
<b>“Other” scored as</b>	Indicates whether, and how, selecting “Other” as an answer option is scored.
<b>Multiplier</b>	<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"><li>• High importance indicators are weighted x2.</li><li>• Moderate importance indicators are weighted x1.5.</li><li>• Low importance indicators are weighted x1.</li></ul>

# Assessment Methodology: Indicator Example

Indicator with multiple sub-strategies. The number of sub-strategies applicable will not affect the points available for the indicator, as each sub-strategy will receive a separate score.

Indicator ID <b>LE 2</b>	Dependent on:	<b>OO 10</b>	Sub-section <b>Long-term ESG trend analysis</b>			PRI Principle <b>1</b>	Type of indicator <b>CORE</b>
	Gateway to:	<b>N/A</b>					
<b>Do you continuously monitor a list of identified <a href="#">long-term ESG trends</a> related to your listed equity assets?</b>							
		Internally managed listed equity sub-strategies					
		(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental	(4) Investment trusts (REITs and similar publicly quoted vehicles)	(5) Other	
(A) We monitor long-term ESG trends for all assets		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
(B) We monitor long-term ESG trends for the majority of assets		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
(C) We monitor long-term ESG trends for a minority of assets		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
(D) We do not continuously monitor long-term ESG trends in our investment process		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Assessment							
<b>Assessment criteria</b>	100 points for this indicator.  0 score for no selection or D. 32 score for C. 64 score for B. 100 score for A.  Assessment shall be based on the response to selections within the sub-strategy types, the number of sub-strategies applicable will not influence the score available from this indicator.						
<b>Multiplier</b>	Moderate x1.5 weighting.						



# Assessment Methodology: Indicator Example

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

Indicator ID <b>ISP 9</b>	Dependent on: <b>N/A</b>	<b>N/A</b>	Sub-section <b>People and capabilities</b>	PRI Principle <b>General</b>	Type of Indicator <b>CORE</b>
<p><b>How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?</b></p>					
<p> <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                 </p>					
Assessment					
<b>Assessment criteria</b>	<p>100 points for this indicator.</p> <p>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.</p>				
<b>Multiplier</b>	<p>Low x1 weighting.</p>				

# 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><b>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?</b></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

More is better indicator. 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
<b>How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?</b>					
(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]			
<b>Assessment</b>					
<b>Assessment criteria</b>	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).				
<b>Multiplier</b>	High x2 weighting.				