

PRI REPORTING FRAMEWORK 2017 – SERVICE PROVIDERS Advisory and Consultancy (AC)

2017

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UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

Understanding this document

In addition to the detailed indicator text and selection options, in each module of the PRI Reporting Framework, you can find information that will help you to identify which indicators are relevant for your organisation.

Top bar



Key information about each indicator is highlighted in the top bar, including the indicator status (mandatory or voluntary) and the purpose of the indicator.

xxx 01	Indicator status	Purpose	Principle
	MANDATORY	GATEWAY	

Indicator status

MANDATORY	Mandatory indicators reflect core practices. These responses will be made public and must be completed to submit the framework.
MANDATORY TO REPORT VOLUNTARY TO DISCLOSE	Some indicators are mandatory to complete but voluntary to disclose. These indicators may determine which subsequent indicators are applicable or are used for peering, but they may also contain commercially sensitive information.
VOLUNTARY	Voluntary indicators reflect alternative or advanced practices. These indicators are voluntary to report and disclose.

Purpose

Gateway		The responses to this indicator 'unlock' other indicators within a module if they are relevant for your organisation. Please refer to the logic box for more information.
Descriptive		These are open-ended narrative indicators that allow you to describe your activities.

Underneath the indicator

Underneath the indicator, you can find the explanatory notes and definitions that contain important information on interpreting and completing the indicators. Read the logic box to make sure an indicator is applicable to you.

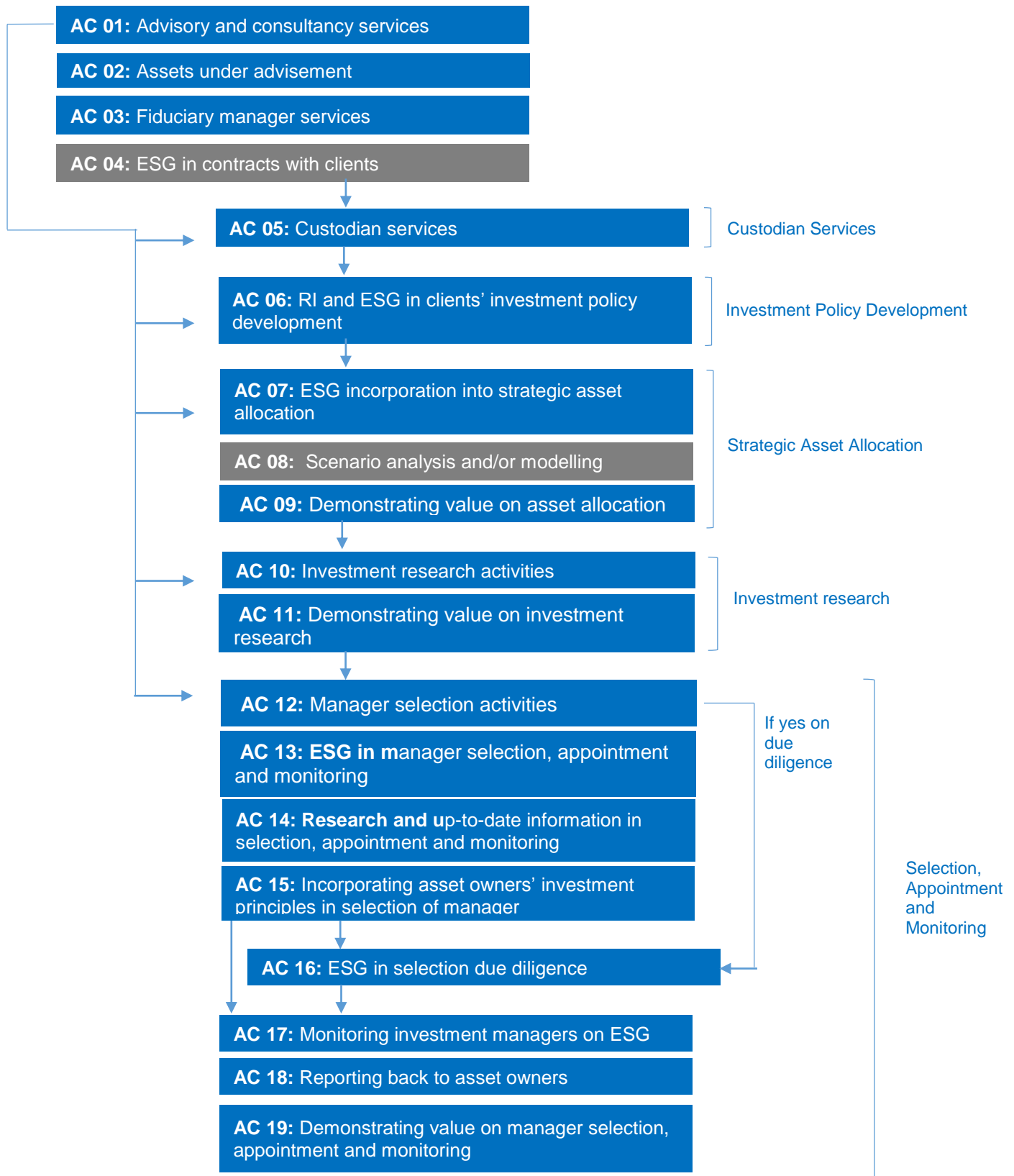
xxx 01	EXPLANATORY NOTES
xxx 01.1	This provides guidance on how to interpret the sub-indicators, including examples of what could be reported.
xxx 01.2	
LOGIC	
xxx 01	This explains when this indicator is applicable and/or if it has an impact on subsequent indicators. If there is no logic box, the indicator is always applicable and does not affect other indicators.

xxx 01	DEFINITIONS
xxx 01	Specific terms that are used in the indicator are defined here.

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Pathways through the module



Preface

The information reported in this module will enable your stakeholders to understand your organisation's approach to responsible investment, including your product offerings, areas of expertise, and how your activities add value for your clients.

SECTION

Advisory and Consultancy

AC 01	Indicator status MANDATORY	Purpose GATEWAY
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AC 01	INDICATOR
AC 01.1	<p>Indicate whether your services include any of the following.</p> <p><input type="checkbox"/> Custodial services</p> <p><input type="checkbox"/> Investment policy development</p> <p><input type="checkbox"/> Strategic asset allocation</p> <p><input type="checkbox"/> Investment research</p> <p><input type="checkbox"/> Manager selection, appointment and monitoring</p> <p><input type="checkbox"/> Other, specify (1)_____</p> <p><input type="checkbox"/> Other, specify (2)_____</p>
AC 01.2	<p>Additional information.</p> <p>[OPTIONAL]</p>

AC 01	EXPLANATORY NOTES
AC 01	This indicator allows you to indicate what types of services are included in your Advisory and Consultancy business offerings. Your response to this indicator will unlock the relevant indicators in this module.
LOGIC	
AC 01	<p>AC 05 will be applicable if you report that your services include 'Custodial services'</p> <p>AC 06 will be applicable if you report that your services include 'Investment policy development'</p> <p>AC 07 – AC 09 will be applicable if you report that your services include 'Strategic asset allocation'</p> <p>AC 10 – AC 11 will be applicable if you report that your services include 'Investment research'</p> <p>AC 12 – AC 19 will be applicable if you report that your services include 'Manager selection, appointment, and monitoring'</p>

AC 01	DEFINITIONS
Custodial services	Holding and protecting customer funds or investments. Custodial services may also include account administration, settling purchases and sales, managing clients' accounts and transactions and ensuring tax compliance.
Investment policy development	Assisting clients in developing an investment policy may refer to a single policy document that applies across the organisation, or to a group of documents that, together, define the organisation's approach to responsible investment and associated issues.
Strategic asset allocation	Strategic asset allocation covers advice on investment allocation to high-level asset classes according to their differing returns and risk profiles in order to match the investor's risk tolerance, time horizon, and investment objectives/beliefs. This may refer to long-term portfolio construction advice as well as short/medium-term asset allocation advice (this may include tactical asset allocation). Actions may include asset/liability modelling, ESG risk management, choosing an appropriate equity/fixed income/cash split, developed/emerging market split, duration of fixed income, and listed/unlisted split.
Investment research	Investment research (sometimes referred to as portfolio research) refers to asset and/or holding level research, and may include actions such as equity research, credit research, and quant research or specific market research. This would be expected to be done for either strategic asset allocation or for the manager selection in a particular market.
Manager selection, appointment and/or monitoring	The process of identifying a universe of potential investment managers in a particular market, geography shortlisting and selecting them, securing their services under contract, and/or overseeing performance against agreed metrics.

AC 02	Indicator status MANDATORY TO REPORT, VOLUNTARY TO DISCLOSE	Purpose
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AC 02	INDICATOR				
AC 02.1	Indicate your total assets under advisement at the end of your reporting year.				
	Trillions	Billions	Millions	Thousands	Hundreds
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Currency	Select from a dropdown list: USD, EUR, GBP, CAD, AUD on top, then alphabetical.			
	<i>Assets in USD will be automatically calculated.</i>				
AC 02.2	Additional information. [OPTIONAL]				

AC 02	EXPLANATORY NOTES
AC 02.1	<p>‘Assets under advisement’ here refers to assets that your organisation provides services for as a third party, on behalf of a beneficial owner.</p> <p>Your organisation may specify a reporting year that suits your data collection, for example the fiscal or calendar year. In the first year of mandatory reporting the date that you choose will be set for use in future years, in order to ensure comparability of year-on-year reporting.</p> <p>Your assets will be automatically calculated into USD.</p>
AC 02.2	You may use this space to provide insight into how your organisation defines ‘assets under advisement’.

AC 02	DEFINITIONS
Assets under advisement	The term ‘assets under advisement’ refers to assets for which a third party organisation provides services that are beneficially owned by clients. The assets should not be considered part of an organisation’s balance sheet. Services provided do not include active investment management. Rather, the services offered are generally non-financial and/or administrative in nature.

AC 03	Indicator status MANDATORY	Purpose
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AC 03	INDICATOR
AC 03.1	<p>Indicate whether you provide fiduciary management services.</p> <div> <input type="radio"/> Yes, we do <input type="radio"/> No, we do not </div>
AC 03.2	<p>Additional information.</p> <p>[OPTIONAL]</p>

AC 03	EXPLANATORY NOTES
AC 03.2	<p>The information you provide here may include a description of your fiduciary manager processes and how they link to your advisement and consultancy services.</p>

AC 03	DEFINITIONS
Fiduciary management	<p>Is a governance structure whereby an asset owner appoints a third party to delegate part of their investment process and act on their behalf. The scale of fiduciary management can range from full delegation of investment decisions and day-to-day running of portfolios, to partial delegation of portfolios or strategic de-risking.</p> <p>Fiduciary management is often referred to as implemented consulting, delegated de-risking or outsourced CIO.</p>

AC 04	Indicator status VOLUNTARY	Purpose DESCRIPTIVE
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AC 04	INDICATOR	
AC 04.1	Indicate whether you are typically asked to embed ESG consideration in contracts with clients.	
	<input type="radio"/> Yes, we typically are	<input type="radio"/> Yes, we occasionally are
	<input type="radio"/> No, we are not	
AC 04.2	<input type="radio"/> Our organisation embeds ESG considerations in contracts as a standard procedure	
	If yes, describe how ESG considerations are incorporated into contracts with clients.	
AC 04.3	Additional information.	
	[OPTIONAL]	

AC 04	LOGIC	
AC 04.1	AC 04.2 will be applicable if you report 'Yes, we typically are', 'Yes, we occasionally are', or 'Our organisation embeds ESG considerations in contracts as a standard procedure'.	
AC 04.3	You may use this indicator to provide information on how you embed ESG considerations in other formal documents with clients, if this is not done through contracts with clients.	

SECTION

Custodial services

AC 05	Indicator status MANDATORY	Purpose
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AC 05	INDICATOR
AC 05.1	Give a brief description of your custodial service and its main components.
AC 05.2	Describe how you incorporate ESG factors and RI-considerations into your custodial service.

SECTION

Investment policy development

AC 06	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 06	INDICATOR
AC 06.1	Describe how you incorporate ESG factors and RI-considerations when advising clients on investment policy development.

AC 06	EXPLANATORY NOTES
AC 06	Describe whether RI or ESG items are standard parts of discussions with clients when advising on investment policies. Include any awareness-raising activities you undertake to provide investors with information on ESG risks and opportunities.

SECTION

Strategic asset allocation

AC 07	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 07	INDICATOR		
AC 07.1	Indicate whether you incorporate ESG into your strategic asset allocation process.		
	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not
AC 07.2	If yes, describe how ESG is incorporated into your asset allocation services.		
AC 07.3	If no, please explain why not.		
AC 07.4	Additional information. [OPTIONAL]		

AC 07	EXPLANATORY NOTES
AC 07	<p>Some signatories are starting to assess the implications of issues such as water scarcity for their asset allocation (e.g., on the basis of economic scenario planning). Some may also consider corporate governance practices, the robustness of a country's regulatory frameworks, or a country's approach to managing environmental and social challenges when making geographical allocations.</p> <p>This is distinct from general ESG integration into individual investment decisions</p>
AC 07.2	For example, you may incorporate ESG into asset allocation between asset classes, when determining fixed income duration, in allocation of assets between geographic markets, and in sector weightings.
LOGIC	
AC 07.1	<p>AC 07.2 will be applicable you report 'Yes, we systematically do' or 'Yes, we occasionally do'</p> <p>AC 07.3 will be applicable if you report 'No, we do not'</p>

AC 08	Indicator status VOLUNTARY	Purpose
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AC 08	INDICATOR
AC 08.1	<p>Indicate whether your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at the portfolio level is calculated</p> <p><input type="radio"/> Yes</p> <ul style="list-style-type: none"> <input type="checkbox"/> Scenario analysis that includes factors representing the investment impacts of future environmental trends <input type="checkbox"/> Scenario analysis that includes factors representing the investment impacts of future social trends <input type="checkbox"/> Scenario analysis that includes factors representing the investment impacts of future governance trends <input type="checkbox"/> Other; specify _____ <p><input type="radio"/> No</p>
AC 08.2	<p>Additional information.</p> <p>[OPTIONAL]</p>

AC 08	EXPLANATORY NOTES
AC 08.1	<p>Scenario analysis that includes factors representing the investment impacts of future trends including their risk profile at the portfolio level. For example: resource scarcity or technological developments.</p>

AC 09	Indicator status MANDATORY	Purpose
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AC 09	INDICATOR
AC 09.1	Describe how you measure, track or otherwise demonstrate your value on asset allocation activities.
AC 09.2	Additional information. [OPTIONAL]

AC 09	EXPLANATORY NOTES
AC 09.1	Please explain how you measure, track or otherwise demonstrate to clients how you fulfil their requirements. You may wish to talk about reporting, measurement of impact, use of KPIs, recording changes or other tracking processes. You can also talk about your definition of success. Your measurement of value may not necessarily be in financial terms.

SECTION

Investment research

AC 10	Indicator status MANDATORY	Purpose
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AC 10	INDICATOR
AC 10.1	<p>Indicate whether the following are part of your investment research process.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Asset level research <input type="checkbox"/> Portfolio level research <input type="checkbox"/> Performance monitoring <input type="checkbox"/> Mandate design <input type="checkbox"/> Benchmark selection <input type="checkbox"/> Equity research <input type="checkbox"/> Credit research <input type="checkbox"/> Quant research <input type="checkbox"/> Other, specify (1) _____ <input type="checkbox"/> Other, specify (2) _____ <input type="checkbox"/> Other, specify (3) _____ <input type="checkbox"/> Other, specify (4) _____ <input type="radio"/> None of the above
AC 10.2	<p>Additional information.</p> <p>[OPTIONAL]</p>

AC 10	EXPLANATORY NOTES
AC 10.2	You may include information on how you include ESG in the processes chosen in AC 10.1.

AC 11	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 11	INDICATOR
AC 11.1	Describe how you measure, track or otherwise demonstrate your value on investment research activities.
AC 11.2	Additional information. [OPTIONAL]

AC 11	EXPLANATORY NOTES
AC 11.1	Please explain how you measure, track, or otherwise demonstrate to clients how you fulfil their requirements. You may wish to talk about reporting, measurement of impact, use of KPIs, recording changes, or other tracking processes. You can also talk about your definition of success. Your measurement of value may not necessarily be in financial terms.

SECTION

Selection, appointment, and monitoring

AC 12	Indicator status MANDATORY	Purpose
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AC 12	INDICATOR
AC 12.1	<p>Indicate what activities you undertake during the process of selecting a manager.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Developing guidelines <input type="checkbox"/> Due diligence <input type="checkbox"/> Request for proposal design <input type="checkbox"/> Database screening <input type="checkbox"/> Selecting finalists <input type="checkbox"/> Risk analysis <input type="checkbox"/> Site visits <input type="checkbox"/> Other (1), specify_____ <input type="checkbox"/> Other (2), specify_____ <input type="radio"/> None of the above
AC 12.2	<p>Additional information.</p> <p>[OPTIONAL]</p>

AC 12	EXPLANATORY NOTES
AC 12.1	This indicator will allow you to demonstrate which activities you normally include when selecting a manager.
LOGIC	
AC 12.1	AC 16 will be applicable if you report that you undertake 'due diligence' when selecting a manager.

AC 13	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 13	INDICATOR
AC 13.1	<p>Provide a brief description of how you consider ESG factors in your selection, appointment, and monitoring process.</p> <p><input type="radio"/> We do not consider ESG factors in our selection, appointment, and monitoring process.</p>
AC 13.2	<p>Please describe why you do not consider ESG factors in the selection, appointment, and monitoring process.</p>

AC 13	EXPLANATORY NOTES
AC 13.1	This indicator seeks information about the typical processes in place and actions taken by your organisation when considering ESG in manager selection, appointment, and monitoring (even if managers have not been selected, appointed, or monitored during the reporting year). You will be able to provide a more detailed account of some of these processes in subsequent indicators
LOGIC	
AC 13	AC 13.2 will be applicable if you report 'We do not consider ESG factors in our selection, appointment, and monitoring process'.

AC 14	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 14	INDICATOR
AC 14.1	Describe your approach to research and how you collect the relevant data for the selection, appointment, and monitoring process.
AC 14.2	Describe how you ensure that you are using up-to-date information for the selection, appointment, and monitoring process.
AC 14.3	Additional information. [OPTIONAL]

AC 15	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 15	INDICATOR
AC 15.1	Describe how you incorporate asset owners' investment principles into the selection process.

AC 15	EXPLANATORY NOTES
AC 15.1	You may include a description of the processes you have in place to ensure that your asset owner clients' investment principles are incorporated into the activities you undertake when selecting investment managers.

AC 16	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 16	INDICATOR		
AC 16.1	Indicate whether you include ESG factors in your due diligence process for manager selection.		
	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not
AC 16.2	Describe how you weight ESG in your manager evaluation.		
AC 16.3	Please describe why you do not consider ESG factors in this process.		

AC 16	LOGIC
AC 16	AC 16.2 will be applicable if you report 'Yes, systematically we do' or 'Yes, occasionally we do'. AC 16.3 will be applicable if you report 'No, we do not'.

AC 16	DEFINITIONS
Due diligence	A process for integrating material ESG factors into investment practices, and for understanding where responsibility for doing so lies.

AC 17	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 17	INDICATOR		
AC 17.1	Indicate whether you monitor investment managers on ESG factors.		
	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not
AC 17.2	If yes, describe how you monitor investment managers on ESG factors.		
AC 17.3	Describe how you raise and manage concerns when monitoring investment managers on ESG factors.		
AC 17.4	If no, please explain why not.		

AC 17	EXPLANATORY NOTES
AC 17.3	Actions may include meetings, establishing KPIs on ESG factors, and requesting regular reports from the investment manager.
LOGIC	
AC 17	AC 17.2 - 17.3 will be applicable if you reported 'Yes, we systematically do' or 'Yes, we occasionally do'. AC 17.4 will be applicable if you reported 'No, we do not'.

AC 17	DEFINITIONS	
ESG factors/issues	A definitive list of environmental, social, and governance (ESG) issues does not exist. It would not be possible or desirable to produce a list, or a set of definitions, that claimed to be exhaustive or definitive. Any such list would inevitably be incomplete and would soon be out of date. Nonetheless, the table below provides examples of ESG issues, for guidance purposes.	
Environmental (E)	Issues relating to the quality and functioning of the natural environment and natural systems. These include: biodiversity loss, greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use, ocean acidification, and changes to the nitrogen and phosphorus cycles.	
Social (S)	Issues relating to the rights, well-being and interests of people and communities. These include: human rights, labour standards in the supply chain, child, slave, and bonded labour, workplace health and safety, freedom of association and freedom of expression, human capital management and employee relations; diversity; relations	

	with local communities, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons.
Governance (G)	<p>Issues relating to the governance of companies and other investee entities. In the listed equity context these include: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, internal controls and risk management, and, generally speaking, issues dealing with the relationship between a company's management, its board, its shareholders, and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented. In the unlisted asset classes, governance issues also include matters of fund governance, such as the powers of advisory committees, valuation issues, fee structures, etc.</p>

AC 18	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 18	INDICATOR		
AC 18.1	Indicate whether you report back to asset owners on your manager selection, appointment and monitoring activities.		
	<input type="radio"/> Yes, we systematically do	<input type="radio"/> Yes, we occasionally do	<input type="radio"/> No, we do not
AC 18.2	If yes, describe how you report back and the frequency.		
AC 18.3	If no, please explain why not.		
AC 18.4	Indicate whether consultants in your organisation receive compensation linked to manager performance on ESG/RI factors.		

AC 18	EXPLANATORY NOTES		
AC 18	Explain if you are required to report back on ESG inclusion in and impact on selection, appointment, and monitoring decisions. You may also specify whether you actively report this information, even if not asked.		
LOGIC			
AC 18	AC 18.2 will be applicable if you reported 'Yes, we systematically do' or 'Yes, we occasionally do'. AC 18.3 will be applicable if you reported 'No, we do not'.		

AC 19	Indicator status MANDATORY	Purpose DESCRIPTIVE
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AC 19	INDICATOR
AC 19.1	Describe how you measure, track or otherwise demonstrate your value on manager selection, appointment, and monitoring services.
AC 19.2	Additional information. [OPTIONAL]

AC 19	EXPLANATORY NOTES
AC 19.1	Please explain how you measure, track or otherwise demonstrate to clients how you fulfil their requirements. You may wish to talk about reporting, measurement of impact, use of KPIs, recording changes or other tracking processes. You can also talk about your definition of success. Your measurement of value may not necessarily be in financial terms.