

EVALUATION FRAMEWORK

The PRI Secretariat has developed a framework for measuring progress and evaluating collaborations among investors on proxy voting and engagement activities. The framework is based on best practices shared by PRI signatories during interviews¹ on evaluation methodologies, and the experience gained by the PRI Secretariat in coordinating collaborative initiatives.

Each collaborative initiative can be tracked both in terms of process and outcomes milestones, keeping in mind the close relationship between the two dimensions. The framework provides an indicative reporting tool to measure progress against process and outcome goals and milestones identified at the outset of a collaborative project by the investors. Specific steps, actions and timelines will be adapted on a case by case basis.

Process milestones refer to activities undertaken by investors and the PRI Secretariat to promote dialogues with investee companies or policy makers. Participating investors or the SC and PRI coordinators work together to define a tailored engagement strategy and work plan. Process milestones can be monitored on a quarterly basis.

Processes have been divided into progressive stages, though these can be adapted according to the strategy agreed by investors:

- A. Research and project definition in collaboration with steering committee
- B. Establish the engagement group and initiate the engagement
- C. Follow up dialogues
- D. Escalation phase – as needed and agreed by the group
- E. Wrap up and conclusion

The tables included in Appendix B provide more details on potential process milestones and relevant timelines.

Outcomes milestones are intended to track progress or changes made as a response to investors' concerns. Outcomes milestones will vary according to the goal of the engagement and requests to policymakers or companies, and will be agreed by the group of investors at the outset of the engagement, though they may be renegotiated during the engagement where circumstances change. Outcomes milestones can typically be measured on an annual basis.

¹The PRI Secretariat would like to take the opportunity to thank the following PRI signatories for their valuable contributions in finalising the evaluation framework: Aviva Investors, As you Sow, California Public Employees Retirement System- CalPERS, F&C Asset Management, FTSE Group, Hermes Pensions Management, NEI Investments, New Zealand Superannuation Fund, PGM Investments and Standard Life.

For engagements focused on companies, in general, outcomes can be divided into five stages in terms of corporate behaviour as set out in the below diagram.² While the first four stages are likely to be chronological, disclosure occurs throughout all stages. For every stage, the engagement group will develop an assessment system to measure the level of achievement by companies.



² These corporate performance milestones have been adapted to collaborative engagements from Equity Ownership Services (EOS – Hermes)'s Milestone System for individual engagement activities with companies.