

PRI REPORTING FRAMEWORK 2017 – SERVICE PROVIDERS Stewardship Services (SS)

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 MANDATORY	Purpose GATEWAY
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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.
Peering		These indicators are used to determine your peer groups for assessment purposes.

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.

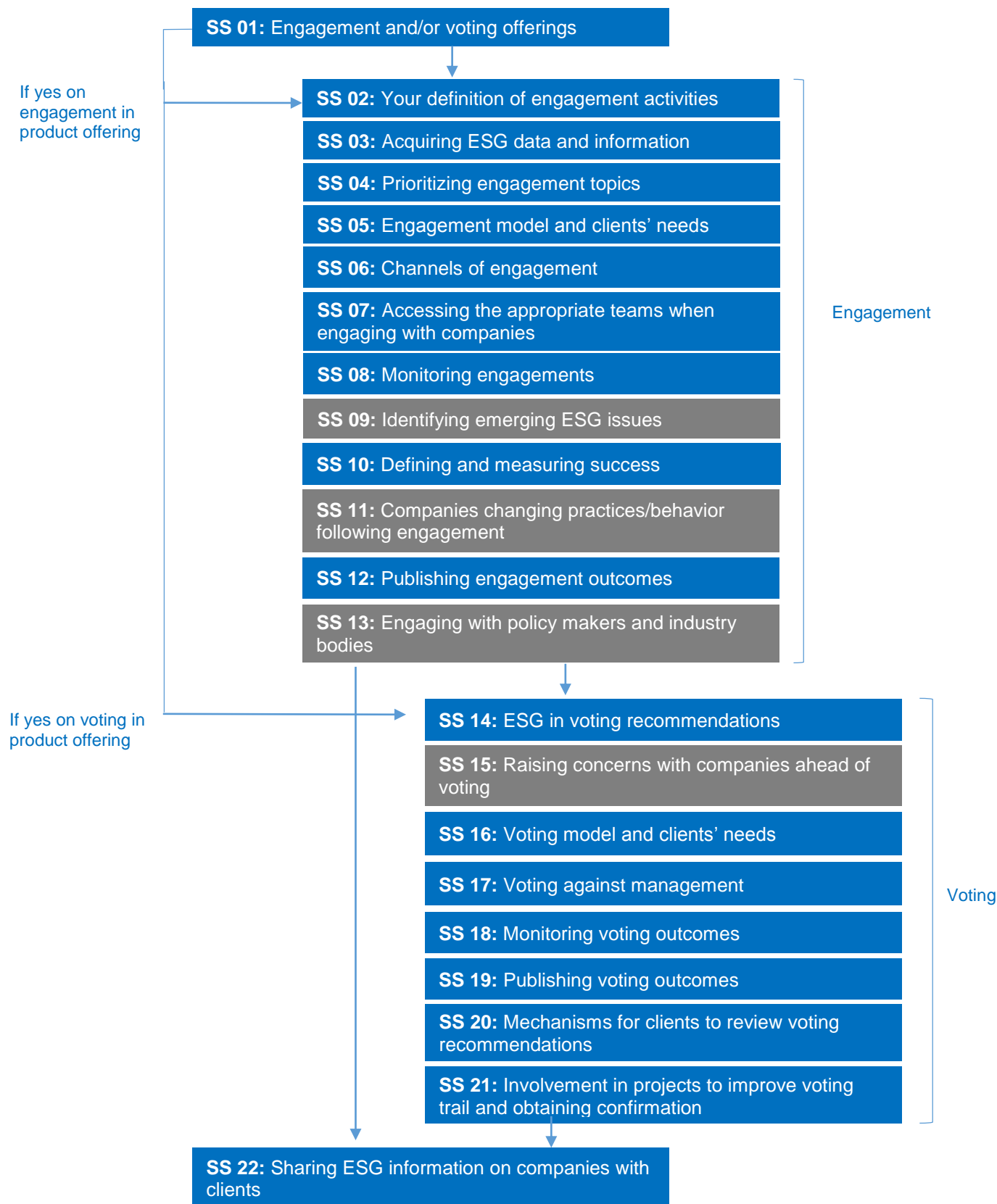
xxx 01	EXPLANATORY NOTES
xxx 01.1	This provides guidance on how to interpret the sub-indicators, including examples of what could be reported.
xxx 01.2	
LOGIC	
xxx 01	This explains when this indicator is applicable and/or if it has an impact on subsequent indicators. If there is no logic box, the indicator 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 overarching approach to responsible investment. You will be able to report on your voting and engagement practices and how you factor ESG into these processes.

SECTION

Engagement activities in business offerings

SS 01	Indicator status MANDATORY	Purpose GATEWAY
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SS 01	INDICATOR
SS 01.1	<p>Indicate which engagement activities are part of your business offerings. Tick all that apply.</p> <p><input type="checkbox"/> Engagement</p> <p><input type="checkbox"/> Voting</p>
SS 01.2	<p>Indicate which of the following is covered by your organisation:</p> <p>Sectors</p> <p><input type="checkbox"/> [a] Oil & gas sector</p> <p><input type="checkbox"/> [b] Food, beverage & tobacco Industry</p> <p><input type="checkbox"/> [c] Manufacturing industry</p> <p><input type="checkbox"/> [d] Metals & mining sector</p> <p><input type="checkbox"/> [e] Textiles industry</p> <p><input type="checkbox"/> [f] Other, specify (1) _____</p> <p><input type="checkbox"/> [g] Other, specify (2) _____</p> <p><input type="checkbox"/> [h] Other, specify (3) _____</p>
SS 01.3	<p>Indicate which markets your organisation covers.</p> <p><input type="checkbox"/> Developed markets</p> <p><input type="checkbox"/> Emerging markets</p>

SS 01	EXPLANATORY NOTES
SS 01.1	<p>This module differentiates engagement activities through two categories: 1) engaging on behalf of clients through meetings, calls, site visits etc. and/or providing support to clients to facilitate such activities 2) voting on behalf of clients.</p>
LOGIC	
SS 01.1	<p>SS 02-13 will be applicable if you reported that engagement is part of your business offerings.</p> <p>SS 14-21 will be applicable if your reported that voting is part of your business offerings.</p>

SS 01	DEFINITIONS
Engagement	Engagement refers to interactions between the investor and current or potential investees (which may be companies, governments, municipalities, etc.) on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure.

SECTION

Engagement

SS 02	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 02	INDICATOR
SS 02.1	Provide a brief description of what your organisation defines and/or interprets as engagement activities.

SS 02	EXPLANATORY NOTES
SS 02	<p>This indicator allows you to provide your organisation's own definition and interpretation of what an engagement constitutes. You may also specify what you define as engagement support services here.</p> <p>Please note that if you offer voting as part of your services this should be reported in the section on 'Voting' further down in the module.</p>

SS 03	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 03	INDICATOR
SS 03.1	Describe how and where you acquire your ESG data and information.
SS 03.2	Describe how this information influences your product offerings and/or how you implement your services.

SS 03	EXPLANATORY NOTES
SS 03.1	The purpose of this indicator is to allow you to demonstrate the range of ESG issues and topics that you normally consider and include in your ESG universe. ESG data/universe refers to the data you use to decide your engagement activities.

SS 04	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 04	INDICATOR
SS 04.1	Describe how you select priority engagement topics to raise with companies.
SS 04.2	Describe how you define the objective of the engagements and reach agreement on this with the client.

SS 04	EXPLANATORY NOTES
SS 04.1	<p>This indicator will allow you to describe the criteria you use to identify and prioritise engagement issues.</p> <p>You may also wish to include information on whether your organisation typically engages with companies across ESG factors, or whether your business model typically focuses more on either E, S, and/or G factors when prioritizing engagement issues.</p>
SS 04.2	<p>This indicator will allow you to demonstrate to what extent you ensure that engagement activities have clearly defined objectives and what processes you have in place to form engagement objectives.</p>

SS 05	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 05	INDICATOR
SS 05.1	Describe the processes that are in place to ensure that your engagement model takes into account the diversified needs of your clients.
SS 05.2	Describe how you align your engagement strategy with your client's investment principles and policies.

SS 05	EXPLANATORY NOTES
SS 05.1	This indicator will allow you to demonstrate how you accommodate the specific needs of clients by customising or tailoring your engagement model, to enable them to achieve optimal outcomes. Your response to this indicator may include information on the processes you have in place to approaching engagement issues in a diversified way, taking contextual and other issues into account.
SS 05.2	This indicator will allow you to demonstrate what processes you have in place to ensure you align your engagement strategy with your client's investment principles and/or policies.

SS 06	Indicator status MANDATORY	Purpose
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SS 06	INDICATOR	
SS 06.1	Indicate what channels you use to engage. Tick all that apply and indicate the frequency with which you typically use the channels.	
	Engagement type	Frequency
	<input type="checkbox"/> Letters	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Meetings (in-person / remote)	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Visits to operation	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Call/conference call	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> E-mail	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Other (1), specify_____	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Other (2), specify_____	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
SS 06.2	Describe your typical execution method.	

SS 06	EXPLANATORY NOTES
SS 06.2	Describe how you engage with the companies. Describe the typical channel or the combination of the channels you use for a typical engagement, and the steps you take as part of the engagement.

SS 07	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 07	INDICATOR	
SS 07.1	Describe how you ensure that you have access to the appropriate teams and team members at the company you engage with.	
SS 07.2	Indicate from the options below the employee at the company you typically engage with.	
	Employee level	Frequency
	<input type="checkbox"/> Board level	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> CEO	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Other C-level staff or head of department	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Investor relations-team	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Non-management	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Sustainability/CSR team	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Other, specify (1)_____	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
	<input type="checkbox"/> Other, specify (2)_____	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases

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	<input type="checkbox"/> Other, specify (3)_____	<input type="radio"/> In some cases <input type="radio"/> In majority of cases <input type="radio"/> In all cases
SS 07.3	Describe how you ensure the client's rationale and engagement objectives are being communicated clearly to the company.	
SS 07.4	Describe how you adapt your engagement style to ensure you maintain a constructive relationship with the company that you are engaging with.	

SS 07	EXPLANATORY NOTES
SS 07	This indicator will allow you to demonstrate how you ensure the quality of engagement with the relevant company. You are encouraged to describe the processes you have in place to ensure the relevant people from the company you are engaging with are being included in the engagements.
SS 07.4	You may also provide information on how you adapt your engagement style depending on the market, country and/or region you engage in: e.g. how you take certain cultural or structural contexts into consideration.

SS 08	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 08	INDICATOR
SS 08.1	<p>Indicate your method for monitoring engagements over time.</p> <p><input type="checkbox"/> Defining timelines for milestones and goals</p> <p><input type="checkbox"/> Tracking and/or monitoring progress against defined milestones and goals</p> <p><input type="checkbox"/> Establishing a process for when goals are not met</p> <p><input type="checkbox"/> Revisiting and, if necessary, revising goals on a continuous basis</p> <p><input type="checkbox"/> Other, specify (1) _____</p> <p><input type="checkbox"/> Other, specify (2) _____</p> <p><input type="checkbox"/> Other, specify (3) _____</p> <p><input type="radio"/> None of the above</p>
SS 08.2	<p>Indicate whether you provide clients with recommendations for next steps.</p> <p><input type="radio"/> Yes <input type="radio"/> No</p>
SS 08.3	<p>Describe the format that you typically use to provide your recommendations to the clients.</p>

SS 08	EXPLANATORY NOTES
SS 08.1	This can cover such areas as setting objectives, metrics and time scales; agreeing on actions and improvement plans; and agreeing on the review process.
SS 08.3	This may include recommendations in the form of conversations, formally written up in reports, through emails etc.
LOGIC	
SS 08.2	SS 08.3 will be applicable if you report 'Yes' in SS 08.2

ESG issues in asset allocation

SS 09	Indicator status VOLUNTARY	Purpose DESCRIPTIVE
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SS 09	INDICATOR	
SS 09.1	Indicate whether you identify emerging ESG issues.	
	<input type="radio"/> Yes	<input type="radio"/> No
SS 09.2	Describe how you identify emerging ESG issues.	
SS 09.3	Describe some of the main ESG issues you have identified in this process.	

SS 09	EXPLANATORY NOTES
SS 09	<p>This indicator allows you to report on whether and how you seek out emerging ESG issues that you may include in your engagement activities to keep yourself current on the latest developments in the industry.</p> <p>Actions may include consulting with clients, monitoring various markets and the ESG landscape, conducting research, and consulting with various stakeholder groups.</p>
SS 09.1	SS 09.2 – 09.3 will become applicable if you report 'Yes'.

SS 10	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 10	INDICATOR
SS 10.1	Describe how you define success when evaluating/reviewing engagements on ESG factors.
SS 10.2	Describe how you measure success when evaluating/reviewing engagements on ESG factors.
SS 10.3	Describe the actions you take (or recommend your client to take) if the engagement on ESG factors has not met the success criteria.

SS 10	EXPLANATORY NOTES
SS 10.1	This indicator allows you to describe what your organisations typically defines as the criteria for a successful engagement on ESG factors.
SS 10.2	<p>Examples of measures may be changes in corporate practice formally expressed in company policies and/or other formal documentations, enhanced disclosure of ESG information by the company and/or formal company commitment to change.</p> <p>You may also address the timeline you use for measuring the success of your engagements on ESG factors.</p>

SS 11	Indicator status VOLUNTARY	Purpose DESCRIPTIVE
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SS 11	INDICATOR	
SS 11.1	Indicate whether you track the number of cases during the reporting year in which a company changed its practices, or made a formal commitment to do so, following your organisation's engagement activities.	
	<input type="radio"/> Yes	<input type="radio"/> No
SS 11.2	Indicate the number of companies that changed or made a formal commitment to change in the reporting year following your organisation's and/or your service provider's engagement activities.	
	<input type="text"/>	
SS 11.3	Additional information. [OPTIONAL]	
	<input type="text"/>	

SS 11	EXPLANATORY NOTES
SS 11	Many factors influence company practices behaviour and change; often an engagement is only one contributing factor. The intention here is not that you should prove that your engagement was the sole reason for an identified change. Please use this indicator to explain if you believe your engagement contributed to bringing about the change.
LOGIC	
SS 11.1	SS 11.2 will be applicable if you report 'Yes'.

Assurance of responses

SS 12	Indicator status MANDATORY	Purpose
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SS 12	INDICATOR	
SS 12.1	Indicate whether you publish your engagement outcomes.	
	<input type="radio"/> Yes	<input type="radio"/> No
SS 12.2	Indicate whether you enable your clients to publish your engagement outcomes.	
	<input type="radio"/> Yes	<input type="radio"/> No

SS 12	EXPLANATORY NOTES	
SS 12.1	This sub-indicator refers to making your engagement outcomes available to the public,	
SS 12.2	This sub-indicator refers to whether you make documentation on engagement outcomes available to clients, to enable them to share such documents publically.	

SS 13	Indicator status VOLUNTARY	Purpose DESCRIPTIVE
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SS 13	INDICATOR
SS 13.1	<p>Indicate whether your organisation – individually or in collaboration with others - engaged with public policy makers and industry bodies on engagement topics in the reporting year.</p> <p> <input type="radio"/> Yes, individually <input type="radio"/> Yes, in collaboration with others <input type="radio"/> No </p>
SS 13.2	<p>Describe what ESG factors have informed your decisions to engage with policy makers and industry bodies. Provide examples.</p>

SS 13	EXPLANATORY NOTES
SS 13	<p>Some regions and countries may not have well-established engagement practices that allow for investors to engage with companies on ESG issues through mainstream engagement channels. This might warrant a focus on engaging with public policy makers and industry bodies first, to help establish engagement best practices in the region/country, that may in turn pave the way for future engagements with companies.</p>
LOGIC	
SS 13.1	SS 13.2 will be applicable if you report 'Yes', either individually or in collaboration with others.

SECTION

Voting

SS 14	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 14	INDICATOR
SS 14.1	Describe how ESG is taken into consideration in voting recommendations.
SS 14.2	Provide examples

SS 14	EXPLANATORY NOTES
SS 14	The information you provide here may include a description of the scope of ESG in voting activities, how you weight ESG factors when making voting recommendations, and what type of resources and research you use when taking ESG into consideration in voting recommendations.

Assurance of responses

SS 15	Indicator status VOLUNTARY	Purpose
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SS 15	INDICATOR
SS 15.1	<p>Indicate whether you raise concerns on behalf of your client with companies prior to voting.</p> <p> <input type="radio"/> Yes, in most cases <input type="radio"/> Sometimes, in the following cases: <ul style="list-style-type: none"> <input type="checkbox"/> Votes for selected markets <input type="checkbox"/> Votes relating to certain ESG issues <input type="checkbox"/> Votes for significant shareholdings <input type="checkbox"/> Votes for companies we are engaging with <input type="radio"/> On request by clients <input type="radio"/> Other, explain _____ </p> <p><input type="radio"/> We do not raise concerns ahead of voting.</p>
SS 15.2	<p>Additional information [OPTIONAL]</p> <hr/>

SS 16	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 16	INDICATOR
SS 16.1	Describe the processes that are in place to ensure that your voting model takes into account the diversified needs of your clients.

SS 16	EXPLANATORY NOTES
SS 16	This indicator will allow you to demonstrate how you accommodate specific needs of clients by customising or tailoring your voting model, which enables them to achieve optimal outcomes. Your response to this indicator may include information on the processes you have in place for approaching voting issues in a diversified way, taking contextual and other issues into account.

SS 17	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 17	INDICATOR
SS 17.1	Describe what ESG factors and situations would trigger you to recommend voting against management.
SS 17.2	<p>Indicate whether you communicate the rationale to companies when you abstain or vote against management recommendations on behalf of your clients</p> <p> <input type="radio"/> Yes, in most cases <input type="radio"/> Sometimes, in the following cases: <ul style="list-style-type: none"> <input type="checkbox"/> Votes in selected markets <input type="checkbox"/> Votes on certain issues <input type="checkbox"/> Votes for significant shareholdings <input type="checkbox"/> Votes for companies we are engaging with <input type="checkbox"/> On request by clients <input type="checkbox"/> Other; explain_____ </p> <p> <input type="radio"/> We do not communicate the rationale to companies <input type="radio"/> Not applicable because we do not abstain or vote against management recommendations </p>
SS 17.3	Describe what subsequent actions you take after voting against management.

SS 17	EXPLANATORY NOTES
SS 17.3	<p>This may include a discussion of:</p> <ul style="list-style-type: none"> • whether companies are informed of voting decisions before or after voting takes place; • and/or the criteria according to which you inform companies about your voting decisions.

SS 18	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 18	INDICATOR	
SS 18.1	Describe how you monitor voting outcomes.	
SS 18.2	Indicate whether you provide clients with recommendations for next steps.	
	<input type="radio"/> Yes	<input type="radio"/> No
SS 18.3	Describe how you incorporate ESG factors in your recommendations for next steps.	
SS 18.4	If no, explain why not.	

SS 18	LOGIC
SS 18.2	SS 18.3 will be applicable if you report 'Yes'. SS 18.4 will be applicable if you report 'No'.

SS 19	Indicator status MANDATORY	Purpose
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SS 19	INDICATOR	
SS 19.1	Indicate whether you publish your voting outcomes.	
	<input type="radio"/> Yes	<input type="radio"/> No
SS 19.2	Indicate whether you enable your clients to publish your voting outcomes.	
	<input type="radio"/> Yes	<input type="radio"/> No

SS 19	EXPLANATORY NOTES	
SS 19.1	This sub-indicator refers to making your voting outcomes available to the public,	
SS 19.2	This sub-indicator refers to whether you make documentation on voting outcomes available to clients, in order to enable them to share such documents publically.	

SS 20	Indicator status MANDATORY	Purpose
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SS 20	INDICATOR	
SS 20.1	Indicate whether you have formal mechanisms in place for clients to review your voting recommendations.	
	<input type="radio"/> Yes	<input type="radio"/> No
SS 20.2	Describe the formal mechanisms you have in place if clients wish to review your voting recommendations.	

SS 20	EXPLANATORY NOTES	
SS 20.2	Describe the processes you have in place that allow your clients to understand the context of your voting recommendation and whether there is a mechanism in place that enables your client to come back with questions, in the event that they wish to clarify, challenge or review your voting recommendations.	
LOGIC		
SS 20.1	SS 20.2 will be applicable if you report 'Yes'.	

SS 21	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 21	INDICATOR
SS 21.1	Describe your involvement in any project to improve the voting trail and/or to obtain vote confirmation.

SS 21	EXPLANATORY NOTES
SS 21.1	Describe how your organisation works to enhance and improve the accuracy and implementation of voting confirmations. This may include participating in collaborative industry initiatives to provide vote confirmation throughout the proxy voting chain.

SECTION

Sharing ESG information

SS 22	Indicator status MANDATORY	Purpose DESCRIPTIVE
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SS 22	INDICATOR	
SS 22.1	Describe how you ensure that all ESG information on companies gained as a result of the engagement activities and/or voting activities is proactively shared with clients.	
	Engagement	<input type="radio"/> We proactively ensure that all ESG information is made available. <input type="radio"/> We share all ESG information upon request. <input type="radio"/> We do not make any additional ESG information available.
	Voting	<input type="radio"/> We proactively ensure that all ESG information is made available. <input type="radio"/> We share all ESG information upon request. <input type="radio"/> We do not make any additional ESG information available.
SS 22.2	Additional information [OPTIONAL]	

SS 22	EXPLANATORY NOTES
SS 22.1	<p>This indicator allows you to report on how you ensure that clients gain access to all additional information on companies that you derive before, during and after the engagement activities and voting that is not part of your standard reporting to the client.</p> <p>Select 'We have a systematic process to ensure the information is made available' if you have a formal system or process to make engagement and voting information available to investment decision-makers. The implication is not, however, that ESG information from all engagement and voting activities will always influence investment decision-making.</p>

	<p>Select 'We occasionally make this information available' if the information derived from engagement and voting activities is used sometimes and/or in varying ways by different clients, i.e. there is no systematic process for all clients.</p> <p>Engagement refers to interactions that you may have with investees in order to influence ESG factors. Voting activities refer to the full range of activities around (proxy) voting, including company research, the views of other investors, voting decisions and the company's responses and actions.</p>
SS 22.2	Use this indicator to provide information on how you share all ESG information on companies gained as a result of engagement activities and/or voting activities.