

Advance: a stewardship initiative for human rights and social issues

Assessment framework

Advance is a stewardship initiative where institutional investors work to take action on human rights and social issues. Investors combine their expertise to drive positive outcomes for workers, communities, consumers, and society at large through companies across their portfolio.

The objective of Advance is to bolster respect for human rights, minimise negative outcomes and drive positive outcomes for people. These goals are consistent with investors' responsibilities as explained in the PRI's "[Why and how investors should act on human rights.](#)"

As outlined in the [Advance investor statement](#), human rights encompass a range of social issues which are both urgent and systemic in nature.

Taking action on human rights is part of investors' responsibility as set out in international standards.¹ Prioritising common goals – that is, systemic sustainability issues – in their stewardship activities is also a way for investors to safeguard common societal assets on which their returns rely. Notwithstanding these common aims, each investor shall abide by their own antitrust compliance policies, and all applicable laws in their jurisdiction(s).

This document provides details on the assessment framework that will be used to track progress against Advance's objectives. This assessment framework was developed by the PRI executive with input from the Advance [signatory advisory committee](#) and [technical advisory group](#). This framework will be updated in the future by the PRI Executive to ensure that it is and remains fit for purpose.

We identified the following principles to guide the design of this assessment framework methodology:

- Designed based on [Advance objectives](#)
- Relying on publicly available information to assess company progress
- Using international standards and frameworks that are recognised and used by investors and key stakeholders

¹ As set out by the UNGPs and the OECD Guidelines on RBC for institutional investors.

- Applicable across multiple sectors

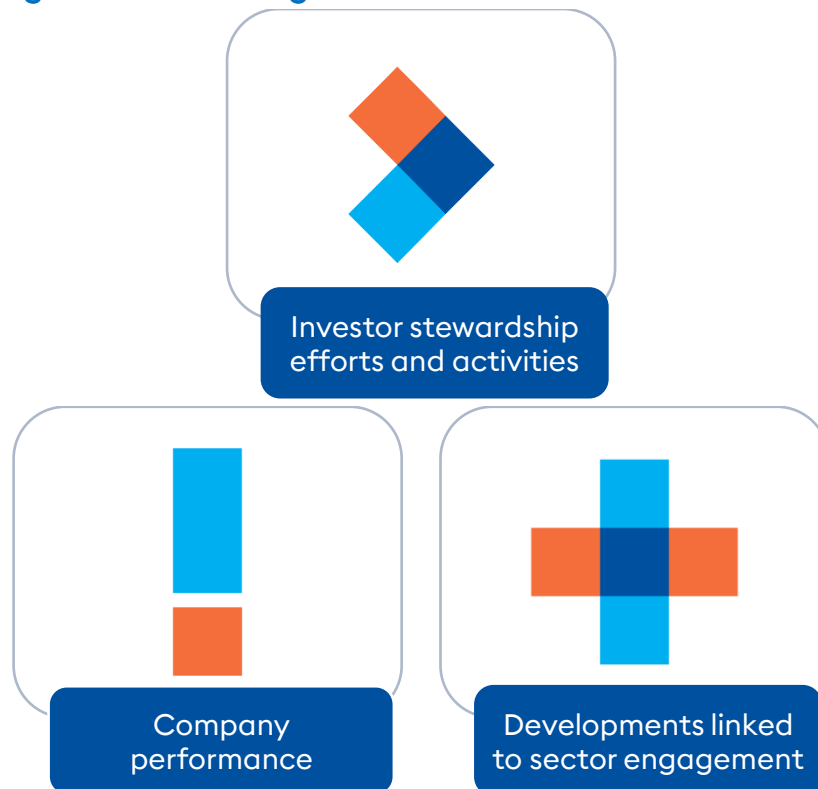
Overview

The assessment framework was developed to enable the PRI Executive, the participants of the initiative and external stakeholders to assess the progress of the initiative against its objectives. The findings of the assessment will also inform the strategic direction of the initiative and help refine intervention strategies. Through the mechanisms outlined in this document, the PRI Executive will:

1. **Monitor investor efforts and activities**, including investors' use of stewardship tools in driving change against the objectives set by each company engagement group. This effort will begin in 2024. Starting from 2025, this effort will also measure such activities as part of the sector-level engagement strategy and the policy engagement track.
2. Assess the **progress of engagement with focus companies** through the use of multiple tools, including a benchmark and other information sources on emerging issues relative to the expectations outlined in the Advance [investor statement](#). Measures of such progress include: implementation of the UN Guiding Principles on Business and Human Rights (UNGPs), responsible political engagement, and progress on the most severe human rights issues identified for each individual focus company, including outcomes-specific tracking starting from Q1 2025, against set milestones developed from a 2024 baseline assessment.
3. **Monitor developments related to Advance sector-level engagement** on a biannual basis starting from 2026. This assessment will draw on findings from section 1 & 2 mentioned hereabove and from other sources to assess sector-wide developments on a given issue².

² While section 1 (“Monitoring investor efforts and activities”) will focus more specifically on investor actions that *may* impact developments within the wider sector

Assessing progress on human rights and social issues across:



I. Monitoring investor efforts and activities

This layer of the assessment framework will focus on the progress of individual company engagements and on the activity and commitment levels of participating investors. This section will assess and highlight investors' efforts and activities in line with [the objectives of the initiative](#).

In addition, this part of the framework (especially the more quantitative activity metrics) will serve the purpose of:

- Contributing to the broader engagement data the PRI collects (to enable research on the effectiveness of different types of stewardship efforts).
- Facilitating participants' accountability and initiative-level transparency – both with regards to the engagement strategies participants co-develop, and the commitments made by investors in signing [the Terms of Reference](#) (including on participation levels and [investors' own human rights commitments](#)).
- Contributing to building a narrative and providing case studies for the progress reports we will publish each year.

This part of the assessment framework will include information across the areas outlined below and will be collected through the annual participant surveys and PRI internal engagement tracking.

Development and implementation of the engagement strategy

Each company engagement group is responsible for co-developing an engagement strategy for their respective focus company. This plan may include the objectives each engagement group sets for their respective companies, the milestones the group would like the focus company to meet, and the tools and tactics the group may consider deploying to support the company's achievement of those milestones. Decisions of participants are made in their sole discretion and made in their individual organisation capacities.

This section will also track the tools and tactics used by investors and engagement groups, including the type and number of interactions investors have with their focus companies, and incorporate those findings into initiative-level reports. We will track the results that these tactics might have contributed to in the next section around company performance (e.g., changes in the company's behaviour and activity). Subject to permission from participants, case studies will be included to illustrate where these tools and tactics might have had a more identifiable and direct result in changes in the company behaviour and activities.

We will also seek to include examples of escalating procedures the investors might have had recourse to if the company was initially unresponsive (e.g., letter to the board; making a statement at the company's annual general meeting). Again, these will only be shared with permission from the participants.

Investor participation & commitment levels

The PRI will track the level of investor participation, factoring in the respective responsibilities and roles of lead and collaborating investors as well as any other activities investors take part in that support the initiative's objectives. This will include:

- Any engagement with affected stakeholders and rightsholders
- Other ways in which investors have contributed to the engagement goals (including by providing research or leading on specific parts of the engagement).

Investor human rights commitment

The PRI will track evidence of investor participants' human rights policy commitment and of their progress towards implementing a human rights due diligence process. The requirements of Advance participants and how the PRI will track this can be found in [Advance participant requirements](#).

II. Company performance

Engagement focus companies will be assessed against the expectations laid out in the [Advance investor statement](#).

Advance – company expectations:



Overview of focus companies' performance

The PRI Executive will track the performance of focus companies against these three expectations through the following components:

- 1) Corporate performance relative to minimum standards defined via a publicly available benchmark;
- 2) Allegations / controversies and company responses to these;
- 3) Progress relative to company objectives and identified severe human rights issues.

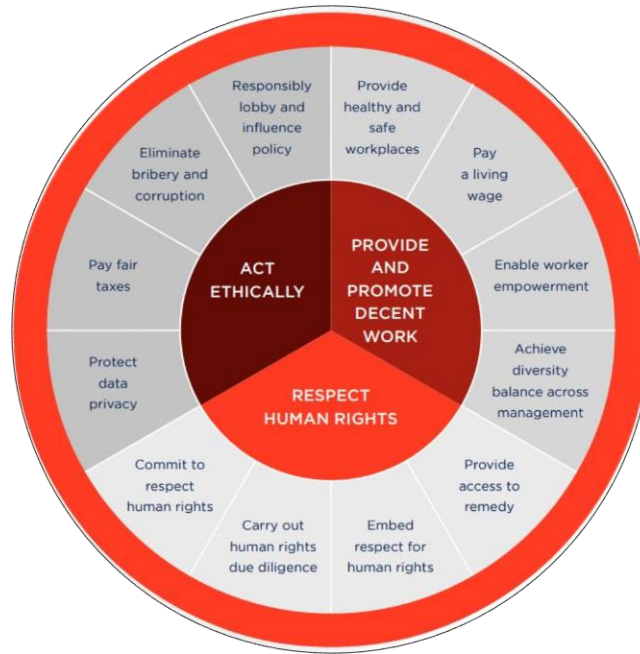
Monitor performance relative to minimum standards

The PRI will track corporate performance of all target companies based on minimum standards captured in the [World Benchmarking Alliance's \(WBA\) Social Transformation Framework](#). We will use those core social indicators, which match Advance objectives, as the first component to track company performance.³ This allows us to gather insights on performance against the first two expectations: 1) implementation of the UNGPs and 2) responsible political engagement.

The WBA Social Transformation Framework is designed to assess the most influential companies in the world across three categories: human rights, decent work, and ethical conduct (see figure below). We will use Core Social Indicators 1-14 in the categories *respect human rights* and *provide and promote decent work*, and Core Social Indicator 18 on responsible lobbying for this purpose.⁴

³ Source: WBA, <https://assets.worldbenchmarkingalliance.org/app/uploads/2021/02/WBA-Social-transformation-framework-SUMMARY-FINAL-Jan-2021.pdf>

⁴ The appendix includes the full list of WBA Core Social Indicators.



We have selected the WBA Social Transformation Framework on the following grounds:

- The *Respect human rights* pillar of the framework is built directly on the UN Guiding Principles on Business and Human Rights and therefore is aligned with Advance’s objectives and enables tracking performance against minimum standards;
- The framework was developed with input from key stakeholders including investors;
- The indicators selected for the framework are those most indicative of good corporate practices with regards to human rights based on findings from the Corporate Human Rights Benchmark;
- The framework covers the highest number of companies of any benchmark considered (currently 1,000 companies with another 1,000 to be added) across all sectors of the economy – this allows for comparability as Advance expands to more sectors in the future;
- The framework includes an assessment of responsible political engagement which is an explicit focus area of Advance;
- The framework includes an assessment of corporate practices in relation to decent work, a human right of relevance for all sectors and aligned with the [PRI’s expectations in this area](#) - this part of the framework will be used to track progress aspects related to labour rights;

- The additional issues covered in the *Act ethically* part of the framework, are also connected to human rights.⁵ Although we do not focus on these in the first iteration of the assessment framework, they remain relevant to the realisation of Advance objectives and furthering the human rights agenda and may be considered in potential future activities.

We will track benchmark performance for each of the focus companies in Advance annually starting with a baseline from Q1 of 2024, and the first public report on progress in Q1 2025. The performance of focus companies will be aggregated and incorporated in the annual progress report of Advance at the sector level, recognising that potential improvements are likely to be the result of multiple factors, including outside the control of the Advance initiative. Individual case studies will be included to illustrate best practices and demonstrate examples of concrete improvements against the objectives of the initiative. While we will not report on individual company progress in the annual report, this information will be publicly available through the WBA’s own assessments.

Monitoring allegations / controversies and company responses

The PRI will seek to rely on the work of external organisations to track allegations and controversies which involve focus companies and how they respond. This second component will allow PRI to collect data that could offer potential additional insights on UNGPs implementation, including around the quality of due diligence practices, stakeholder engagement and the provision of access to remedy.

The following public sources of information will be used:

- The [Business and Human Rights Resource Centre](#) databases on:
 - o Allegations;
 - o Company responses to allegations;
 - o Lawsuits;
 - o Attacks on human rights defenders;
 - o Strategic lawsuits against public participation.
- The [OECD National Contact Points](#) – database with cases against companies by an OECD National Contact Point with details of company engagement and final judgments.

The aim will be to track company cases and responses across the two mechanisms at least on a yearly basis. The expectation is not that focus companies can avoid cases altogether as the cross-jurisdictional operations and complex value chains of large

⁵ Source on tax, Office of the High Commissioner for Human Rights, https://www.ohchr.org/sites/default/files/Documents/Issues/RtD/InfoNote_Taxation.pdf and source on corruption, Office of the High Commissioner for Human Rights, <https://www.ohchr.org/en/good-governance/corruption-and-human-rights>

multinationals make this difficult. However, as transparency is paramount in the way companies address human rights risks and issues, the determining factor will be whether the focus company engages with the relevant stakeholders and appropriate mechanisms. This includes using the identification of new negative allegations or cases to improve their policies and processes, including their due diligence practices going forward and provide remedy where needed.

The response time given to companies by the Business and Human Rights Resource Centre is two weeks. If a focus company fails to respond within that time, it will be included as a negative incident in the tracking. Similarly, if a focus company refuses to engage in mediated process by the OECD National Contact Point, it will be noted. This will be captured in annual reporting starting Q1 of 2025.

Tracking progress relative to specific company objectives and severe issues

The PRI will track progress relative to objectives identified for each focus company taking into account the most severe human rights issues identified. Progress against objectives can be measured in both quantitative and qualitative terms. The PRI will track both governance and process improvements as well as real world outcomes related to different types of stakeholders such as workers, communities, and consumers.

The objectives for each focus company will be identified by investor participants with the support of the PRI Executive. This will happen at the beginning of the engagement and will inform the content of the engagement strategy for each focus company.

The PRI will also name any company that will have been unresponsive to investor engagement in the annual progress report. Lead investors will be asked to notify focus companies of their inclusion in the annual report to provide an additional chance to participate in dialogue with investors before publication.

Information will be gathered via the annual participants survey and will incorporate publicly available documentation provided by target companies. The first reporting will happen in Q1 2025.

III. Sector transformation

We will collect information to track the extent to which Advance delivers against the objectives defined within the sector-level engagement strategy. We will draw on aggregate insights from focus company tracking. In addition, the sector-level tracking could include the following types of information:

- 1) A mapping of stakeholder groups at risk;
- 2) Collective sector targets;

- 3) Public policy changes;
- 4) Regional and country-level outcomes (focus areas to be confirmed).

Sector-level objectives will be set at the beginning of the sector-level engagement. Objectives will be based on: a) insights derived from engagement with focus companies, b) input from the investor sector groups, c) advice from the Advance technical expert group and d) engagement with relevant stakeholders. In keeping with our obligations, PRI and investors commit to complying with all applicable antitrust laws in evaluating these initiatives.

The sector transformation part of the assessment framework will be developed once the sector strategies have been formulated, with details added to this document afterwards. Tracking and reporting will happen every second year with the first disclosures in 2025.

Appendix

The full list of 18 Core Social Indicators prepared by WBA across the three categories can be seen in the figure below.⁶

Enablers for social transformation	...demonstrated by meeting expectations...	...that are signposted by Core Social Indicators (CSI):
Respect human rights	Commit to respect human rights	CSI 1 Commitment to respect human rights CSI 2 Commitment to respect the human rights of workers
	Carry out human rights due diligence	CSI 3 Identifying human rights risks and impacts CSI 4 Assessing human rights risks and impacts CSI 5 Integrating and acting on human rights risks and impacts
	Embed respect for human rights	CSI 6 Engaging with affected and potentially affected stakeholders
	Provide access to remedy	CSI 7 Grievance mechanisms for workers CSI 8 Grievance mechanisms for external individuals and communities
Provide and promote decent work	Provide healthy and safe workplaces	CSI 9 Health and safety fundamentals CSI 11 Working hours fundamentals
	Pay a living wage	CSI 10 Living wage fundamentals CSI 11 Working hours fundamentals CSI 12 Collective bargaining fundamentals
	Enable worker empowerment	CSI 12 Collective bargaining fundamentals
	Achieve diversity balance across management	CSI 13 Workforce diversity disclosure fundamentals CSI 14 Gender equality and women's empowerment fundamentals
Act ethically	Protect data privacy	CSI 15 Personal data protection fundamentals
	Pay fair taxes	CSI 16 Responsible tax fundamentals
	Eliminate bribery and corruption	CSI 17 Anti-bribery and anti-corruption fundamentals
	Responsibly lobby and influence policy	CSI 18 Responsible lobbying and political engagement fundamentals

⁶ Source: WBA, <https://assets.worldbenchmarkingalliance.org/app/uploads/2021/02/WBA-Social-transformation-framework-SUMMARY-FINAL-Jan-2021.pdf>