Terms of Reference: Theory of Change and Operational Evaluation for ShareAction

Background and context

In 2005 ShareAction evolved out of a project of People & Planet that was working with the UK’s largest pension provider, Universities Superannuation Scheme (USS), to challenge the scheme to adopt a responsible investment policy that better reflected the values of the large numbers of academics that were contributors to USS.

In 2005 People & Planet founded FairPensions, a registered charity in the UK. By 2007, the organisation had already published its first investor ranking on responsible investment performance, an activity which remains core today. In 2013, the organisation rebranded as ShareAction.

ShareAction’s research and rankings of large investors and banks have always been crucial to generating high quality evidence on the performance of financial actors. ShareAction’s wider campaigning activities have evolved around these core research products and underpin its dialogue with financial actors and companies.

ShareAction has evolved a distinctive way of working with the financial industry which can be viewed as that of a “critical friend”. Financial sector actors are recognised as potential allies in the movement towards sustainable business. This is tempered with surfaceing and publicly calling out poor behaviour in the investment sector. Where change is needed, ShareAction seeks to courageously call for it. Financial independence thanks to philanthropic support makes this possible. ShareAction has honed this highly nuanced approach and has built its reputation on this approach, which it sometimes terms “inside/outside”. Key to this approach is its internal culture and the capabilities of a staff team able to fulfil the requirements of such a role.

Recognising the critical role that legislation plays in moving the dial on responsible investment, the organisation has teams of policy specialists in London and Brussels. ShareAction enjoys considerable influence within the policy and regulatory sphere thanks to its expertise on responsible investment. The organisation is frequently invited to contribute to legislative and policy development in the sustainable finance sphere, most recently HM Treasury’s report and recommendations on investor stewardship. ShareAction’s CEO was the sole NGO representative on the stewardship working group.

ShareAction continues to work with individual savers and institutional investors to engage directly with company directors at their Annual General Meetings (AGMs). Today ShareAction also runs the Workforce Disclosure Initiative (WDI) and Investor Decarbonisation Initiative (IDI), which work with institutional investors to drive corporate behaviour change on workforce reporting and the low carbon transition.

ShareAction also encourages and facilitates other mission-led asset owners, such as grant making charities and universities, to adopt a responsible investment approach with their own endowments. ShareAction charges fees for this and the activity is financially self-sustaining.

Because ShareAction works for systems change, it is particularly reliant on trust and foundation funding which often takes the form of restricted financial support to specific projects. This affects the organisation’s ability to be responsive/flexible to emerging themes within a rapidly changing external landscape.
In 2019 ShareAction worked to bring together a refreshed strategy responding to the rapid growth of the investment sector and specifically of ESG investment since the early 2000s. The new strategy was developed with an ambition to make the global financial sector responsible for its impacts, while mobilising its power to address the social and environmental challenges we face. A refreshed vision and mission was articulated and has been honed since:

ShareAction’s vision is of a financial system that serves our planet and its people.

ShareAction’s mission is to define the highest standards for responsible investment and to work tirelessly for change until these standards are universally upheld.

ShareAction’s corporate engagement work is organised thematically around the major challenges the world face today: climate change, biodiversity loss, inequality, the quality of work and public health. Staff work in business units that reflect touchpoints within the system:

- **Financial sector standards** – encompasses the delivery of financial sector rankings (pension funds, insurers, asset managers and banks), and subsequent work with asset owners, asset managers and banks to raise standards. This work currently coalesces around climate, biodiversity and human rights.
- **Corporate engagement** – involves building campaigns that create investor coalitions to engage with companies on business practice. This work currently coalesces around climate, biodiversity, health and good work themes.
- **Networks** – involves supporting charities and universities in their journeys towards responsible investment. ShareAction also works with civil society organisations across Europe to support them to engage in their territories on responsible investment that is responsive to local conditions.
- **Policy** – ShareAction drives engagement with policy makers in the UK and Europe to legislate on issues that support responsible investment, such as fiduciary duty and stewardship to enshrine helpful and effective evolution into law. In the UK ShareAction co-hosts an All Party Parliamentary Group on Sustainable Finance, and in the EU an Intergroup on Sustainable Finance.

**ShareAction tactical approach**

The core of ShareAction’s work is built upon its financial sector research and rankings. From the evidence delivered through these the organisation derives its policy recommendations and its distinctive “inside/outside” engagement work with the financial services industry. Over the years ShareAction has developed and honed a number of tactics that support and provide escalation pathways for its engagement activity.

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<th>Tactic</th>
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<th>Targets</th>
<th>Allies: Individuals</th>
<th>Allies: Investors</th>
<th>Allies: Both individuals and investors</th>
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<td>Letter writing</td>
<td>Letters are an effective technique to highlight bad practice within companies and demand change.</td>
<td>Companies</td>
<td>ShareAction coordinates coalitions of investors for this activity.</td>
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<td>AGM questions</td>
<td>At the company AGM questions have to be answered and</td>
<td>Companies</td>
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<td>ShareAction works with both individuals and institutional</td>
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Examples of tactical impact

- **A letter** written to Foxton’s (a UK real estate agent) in August 2019 opened the door to meetings and a subsequent commitment by the company to sign up to The Climate Group’s EV 100 pledge to fully electrify its fleet by 2030.

- **A question** asked at Vodafone and BT’s AGM’s resulted in both companies signing up to source 100% renewable electricity.

- **A shareholder resolution** tabled at Barclays Bank AGM resulted in management committing to respond to a demand for the bank’s phasing out of fossil fuel financing and forced the bank to pledge to its own net zero target by 2050.

- **An email campaign** to UK MPs in support of ShareAction amendments in the Pensions Bill resulted in 871 emails being sent to 322 of the 650 sitting MPs. As a result 5 MPs engaged with ShareAction specifically to support the Bill, with one writing directly to the Pensions Minister as a result.

ShareAction is constituted as a membership organisation. Membership is restricted to not-for-profit civil society organisations in the UK. These organisations have voting rights and elect the board of trustees.

**ShareAction and the IKEA Foundation**

ShareAction’s relationship with the IKEA Foundation has been developing since the foundation first funded ShareAction via We Mean Business (WMB) in 2016. This prepared the groundwork and subsequent success of the Investor Decarbonisation Initiative (IDI) working with investors to encourage adoption by investee companies of Science Based Targets around EV100, EP100 and RE100¹. The IDI now has 114 investors with $2Tr Assets Under Management (AUM) represented.

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¹ Corporate commitments to electric vehicle fleets, energy productivity and renewable energy for their businesses.
Over the subsequent years the relationship has developed and the IKEA Foundation now touches upon all aspects of ShareAction’s climate work. In November 2018 this took the form of a grant through WMB of £164,000 over 6 months to support the development of our EU policy presence and work with our European Responsible Investment Network to push for improvements in the EU’s Sustainable Finance Action Plan.

This led, among other outcomes, to a stronger, more influential network across the EU civil society and policy landscape, the reflection of coordinated demands in critical EU policy pieces, such as the advice of European Supervisory Authorities to the Commission, the elevation of human rights within the agenda and the launch of an Intergroup on Sustainable Finance, later followed by the UK’s All Party Parliamentary Group on Sustainable Finance.

In November 2019 ShareAction received a grant of £212,617 again via WMB. This built upon the original work funded and looked at increased leverage at UK and EU level on policy makers and regulators working with financial sector topics. This included working on a number of initiatives to enhance the legislative framework for finance, including Paris alignment of UK pension funds, the UK’s first Taskforce for Climate related Financial Disclosures for pension funds and the UK’s revised Stewardship Code. Major outcomes from this work was a greatly strengthened new UK Stewardship Code, the presentation of a model Bill in the UK for Responsible Investment, launched in November 2020 and, most recently, a report for the UK Treasury’s Report on Investor Stewardship delivering 20 recommendations to improve stewardship practice in the UK.

In 2020 the IKEA Foundation made a direct grant to ShareAction for a period of three years representing a total investment of £1.4M. This funding will continue the policy and legislative emphasis of the work supported by the Foundation to date and will extend into direct work with the financial community around raising standards, both within their own operations and the companies that they invest in, insure and lend to. This new grant will sit under the climate programmatic theme and extend across business units.

**Scope of this work**

ShareAction’s expansive toolkit is designed to achieve the long-term goal of a financial system that serves our planet and its people. Over time ShareAction has created theories of change showing how individual theme/areas of work contribute to the overall organisational outcomes. However, it looks as though ShareAction struggles to bring these individual theories of change together into a coherent narrative. Furthermore, ShareAction would benefit from defining any synergies and benefits (or disbenefits) that accrue from the use of the full toolkit. The breadth of the toolkit also means that it is difficult to establish a robust and straightforward monitoring, evaluation and learning framework, with a small number of key output, outcome and impact metrics and indicators, that can be introduced to cover all programme areas.

Operationally, the organisation has experienced rapid growth in the past few years, from 16 staff in 2015 to 50 FTEs, an office in London and a presence in Brussels. While the support from philanthropic donors has enabled the implementation of key areas of work, the pressure to fundraise continues. The considerable growth also means certain aspects of operations namely human resources, finance and fundraising & communications need to also keep pace with the increasing demand. With the renewed mission and vision, ShareAction is keen to explore how it can manage this growth, provide a supportive environment for its staff team (particularly in the light of the disruption caused by Covid-19) and configure its operations to underpin its charitable activities in furtherance of its mission.
The IKEA Foundation and ShareAction would like to commission an evaluation to assess both programmatic and operational aspects of ShareAction. The findings from this evaluation are expected to help ShareAction course correct and improve its programme delivery and operational set up to increase the likelihood of achieving impacts. Key questions we would like to answer include:

**Programme/project delivery related questions:**

- To what extent and how the inputs, activities and outputs, and the interdependencies between these, taken as a whole, lead to the outcomes necessary to create a finance system that serves our planet and its people; consideration should be given to those that are perhaps less tangible but are still critical in driving movement in the chosen direction, particularly around thought leadership in the sector and, where appropriate, the geographical reach of ShareAction activities.
- Are there other organisations within the RI space with which ShareAction's activity overlaps or duplicates and what might be the consequence of this for considering ShareAction programmes?
- What is the evidence underpinning the various links in the theory of change? What is the strength of the evidence? Are the assumptions on which the outcomes rest warranted?
- How should ShareAction refine and present a consolidated theory of change in a way that enhances stakeholder understanding and enables the organization to maintain its unique proposition in the increasingly competitive field of responsible investment?
- How should ShareAction revise its monitoring, evaluation and learning framework across all teams and programmes to enable the learning and understanding of impacts?
- What are the recommendations for ShareAction to add to, modify or change the balance of the activities in the toolkit to maximize outcomes?

**Operational questions:**

- To what extent is the current operation suited to effectively deliver the strategies in different programs/themes and geographies (currently UK and the EU)?
- How should ShareAction evolve its operational functions to fulfil its mission and vision in the competitive field of responsible investment?
- How should its operational functions be strengthened or changed to enable ShareAction to deliver impacts?
- What will it take for ShareAction to scale/expand?

Recommendations should be made to ShareAction and the IKEA Foundation regarding these questions.

**Evaluation Budget, Management and Timelines**

This evaluation will be contracted through the IKEA Foundation. Interested parties are welcome to submit a response to this TOR with a proposed budget. We are keen to have a provider on board later in March 2021 and preliminary reports available by November 2021.
Please submit the following to Ly Nguyen, Monitoring, Evaluation and Learning Manager, IKEA Foundation (ly.nguyen@ikeafoundation.org), by 3 March 2021

A. Technical Proposal
• A narrative proposal (no more than 6-7 pages excluding annexes) including the following sections:
  a) Methodology and deliverables: Describe your overall approach and methodology to address the questions and objectives of the evaluation and outline key deliverables of the work.
  b) Relevant Experience: Provide details of projects of similar scope, complexity and nature you have worked on previously.
  c) Specific Expertise: Describe your level of knowledge and expertise in climate finance/responsible investment (additional and not essential)
  d) Key Personnel and Staffing: Describe the key personnel. Include CVs (no more than 4 pages each and attached as annex) of key personnel who would be part of the proposed evaluation team
  e) Timeline: Include a detailed timeline of key activities.
  f) Sample reports: A sample evaluation reports authored by the team lead (will be treated as confidential and used for purposes of selection only)

B. Financial proposal
• The financial proposal should include a line-item budget and a budget narrative. The cost estimates used to prepare the budget should be presented in Euros.

Qualifications/experience profile

• Track record in analysing and strengthening TOC of organizations with complex, multiple area of works (essential)
• At least 12 years' experience of conducting evaluations or research projects
• Expertise with responsible investment issues and initiatives and with the financial sector
• Familiarity with evidence base around climate finance and evidence-based TOC development
• Excellent report writing and verbal presentation skills
• Good qualitative research skills, including case study design