Terms of Reference

Evaluation of the Workforce Disclosure Initiative

The purpose of this Terms of Reference is to outline the requirements for an evaluation which will assess the relevance, effectiveness and sustainability of the Workforce Disclosure Initiative (WDI).

Background

ShareAction

ShareAction is dedicated to making the global investment sector accountable for its impacts, while mobilising its power to address the challenges we face. We want a future where all finance powers social progress.

Our mission is to ensure that investors, and the companies they invest in, act within safe ecological limits and build a fair, just and healthy society.

We do this by:

1. working upstream in the system, to change investor behaviour
2. mobilising investors to influence corporate behaviour.

Our upstream programmes to change investor behaviour include:

- Ranking responsible investment performance of major investors
- Influencing public policy and regulation of the industry
- Championing the voice of ordinary savers in the system, and
- Supporting endowed foundations to be responsible investors.

The Workforce Disclosure Initiative (WDI) is one of ShareAction’s downstream programmes, which bring investors together improve company practices on issues including decent work, climate change and sustainable food systems.

The Workforce Disclosure Initiative (WDI)

The Workforce Disclosure Initiative (WDI) is an investor backed initiative to enable companies to disclose more information about their direct operations and supply chain workers. The WDI has been funded up to now by the UK Department for International Development (DFID). This involved a 2.5 year pilot phase from October 2016 – March 2019 and 1 year extension from April 2019 – March 2020.
Since April 2019, 8 people have worked full or part-time on the WDI, with oversight from the ShareAction leadership team. The WDI is also governed by a steering group of close project partners and a broader advisory group.

The WDI involves an investor-backed survey, sent to companies on an annual basis. The survey includes a wide range of indicators, designed to capture meaningful data on how companies’ manage workers in their operations and supply chains. The WDI’s model is loosely based on environmental disclosure organisation CDP.

The first 3.5 years of the WDI has seen 3 separate survey cycles. In 2017, the WDI’s pilot year, the survey was sent to 76 companies, including the FTSE 50 in the UK. 34 companies disclosed information in response to the pilot year survey. 2018 saw a significant scale up in the WDI, with 524 companies receiving the survey. 90 companies disclosed in 2018.

This year (2019), 750 companies received the survey and we predict that over 110 companies will disclose.

The investor demand for more comparable workforce data from companies has been clear from the beginning of the project. As of 15th November 2019, 140 investors with around $14 Trillion AUM support the WDI’s request for data.

The long-term goal of the initiative is to improve working conditions in companies’ operations and supply chains, with a view to contributing towards improved worker wellbeing and poverty reduction.

The problem the WDI seeks to address is that, companies have not felt enough pressure or felt independently inclined to measure or report on the type of meaningful workforce metrics that can draw attention to the consequences of workforce management practices. The lack of public data has shielded companies from accountability for employing certain practices, and for a lack of monitoring compliance with basic policies throughout their direct operations and supply chain, let alone accountability for ensuring the delivery of decent jobs.

WDI works with investors and listed companies to encourage companies to disclose data on workforce policies, practices and outcomes.

The higher-level theory of change is therefore that through greater levels of transparency, companies will develop greater awareness of the requirements to improve workers’ conditions and companies will improve their policies and practices. Responsible investors and other stakeholders will also be able to use the increased quality and comparability of data to encourage companies to improve their policies and practices.

1 75 companies were sent the pilot year (2017) survey, but one additional company (Burberry) opted in to filling out the survey without being specifically targeted.

2 In 2018, an initial list of 500 companies was drawn up. Our partners, the Responsible Investment Association Australasia (RIAA) requested we add an additional 24 Australian companies to the list so that the entire ASX 50 was covered.
Alongside improved policies and practices companies in own operations, they will also influence their suppliers, who in turn will improve their practice – ultimately resulting in improved working conditions.

Improved working conditions are defined as: fair pay and treatment, safer working space, decent job prospects, freedom of association, and opportunities for advancement through work. These long-term impacts are fully aligned with SDG 8, which calls for ‘decent work for all’.

The WDI theory of action looks to investors to engage with companies and drive the improvement in corporate transparency. The WDI seeks to promote investor interest in and understanding of better workforce practices. This investor interest and understanding can:

1) Facilitate engagement with companies which nudges them towards better performance (on workforce disclosure and outcomes)
2) Incentivise commitments by acknowledging and rewarding better practice (in particular, through the data being used in investors’ ESG ratings and ultimately being reflected in the cost of capital for listed companies.

WDI recognises that it is part of a movement pushing for greater attention on the social impacts of business practices and investment decisions (hence aligning itself with a higher-level theory of change). The project is underpinned by the assumption that large-scale investor engagement (demand for change) results in greater corporate transparency (supply).

WDI works with regional partners such as SHARE (Canada) and RIAA (Australia) to ensure it has global coverage for its multinational companies and engagement with investors. In the first 2.5 years of the project, WDI also partnered with Oxfam.

Despite the increasing legislative, normative frameworks and public interest to improve workers’ conditions, progress remains slow. It is therefore essential to break trends and contribute to results that will improve working conditions for men and women.

For working conditions to improve, the following need to be in place:

- Companies need to have greater awareness of their workers’ conditions, crucially having comparable data to act on;
- Companies need to develop improved policies and practices for their direct workforce and the workforce of their suppliers; and,
- These policies and practices need to be implemented and monitored by companies (and open to verification by stakeholders such as investors, ratings agencies, and NGOs) along with their outcomes and impacts.

The WDI Theory of change causal pathways are visually presented in Annex 1.

The WDI log frame, which can be found in Annex 2 articulates the outputs, outcomes and impact of the WDI which are:

*Impact:*

- Improved working conditions in companies and company supply chains
**Advanced outcomes**
- Improved corporate transparency and accountability on workforce issues
- Robust investor stewardship and sustained engagement on workforce issues

**Foundation Outcomes:**
- Evidence of capacity change and behaviour change from companies on collecting and disclosing workforce data
- Evidence of capacity change and behaviour change from investors on workforce data

**Outputs:**
- Quality engagement of Investors in WDI survey and process
- Companies engage with the WDI survey and process

**B. Purpose of the Evaluation**

After 3.5 years of delivering the WDI, March 2020 is a timely moment to conduct the first external evaluation of the programme. The purpose of this evaluation is two fold:

*Lesson learning:* The evaluation will provide evidence on what has worked well during the WDI and identify lessons learned moving forward to inform programme design.

*Accountability:* The evaluation will provide evidence to donors, investors and participating companies on the achievement of results.

The evaluation criteria and questions are as follows:

1. **Relevance**
   1.1. How relevant is the WDI to improving working conditions?
   1.2. Will improvements in working conditions sought by WDI help workers, including women and specific vulnerable groups?
   1.3. Does the WDI continue to be relevant given changing contextual trends?

2. **Economy, efficiency, effectiveness and equity**
   2.1. To what extent have all of the results as articulated in the log frame been achieved/are on track to be achieved?
   2.2. Value for money, risk management and financial performance?
   2.3. Overall project performance?

3. **Sustainability and learning**
   3.1. What are the key learnings from the project? What are the recommendations going forward?
   3.2. Is the WDI likely to continue beyond the life of “the project”?

Given the relatively early stage of the WDI (3.5 years), the evaluation will look at impact in line with the WDI logframe. The impact level of the logframe looks at impact in terms of changes in companies’ policies and practices on priority workforce issues, rather than on the ground changes in people’s lives.
If evidence of impact closer to the ground is found, it should be shared.

The Evaluation will provide recommendations for how WDI should position itself moving forward to ensure that it is relevant, effective and sustainable.

Methodology

Proposals will outline a proposed methodology but it is likely to include:

- A full qualitative and quantitative analysis and validation of the results data in the current logframe, including survey data provided by companies and team monitoring systems.
- Semi-structured interviews with key stakeholders (to include a sample of investors, companies, WDI staff, project partners and advisors)
- Potentially three case studies to provide illustrative examples of where the project has been successful and why.

Data

Available data sources include:

- Survey data disclosed by companies to WDI
- Findings reports where WDI team has analysed trends in the data at the aggregate level
- Disclosure scorecards provided to companies and investors
- Performance score trial – still likely to be in development at time of evaluation
- Salesforce engagement data and team monitoring – including significant interactions recorded by ShareAction team
  - This includes notes from feedback calls with disclosing companies
- Six-monthly narrative reports submitted to funder
- Annual survey of investors – only one completed but by external partners 60 Decibels.
- Basic information about downloaders of WDI public data
- Website analytics

Required skills and experience

The evaluator is required to have:

- Good quantitative and data analysis skills relating to monitoring and evaluation (essential)
- At least 10 years experience of conducting evaluations or research projects
- Familiarity with responsible business issues and initiatives and with the financial sector
- Excellent report writing and verbal presentation skills
- Good qualitative methods skills, including case study design
- Good quantitative analytical skills
Budget and timing

We aim to select a provider for this work by Friday 31st January.

The work will take place from early February – April 2020

It is estimated that the total number of days will be no more than 30.

Travel expenses related to this consultancy will be covered by ShareAction based on actual expenditure, as long as those expenses are agreed in advance. Expenses will be paid on submission of the final invoice, travel expense summary and receipts,

Final output

The final output will be a written report, which fulfils the requirements of DFID’s Project Completion Report Template but also has additional content digging deeper into the wider context and achievements of the project.

Reporting

The consultant will report to ShareAction’s Head of Good Work and WDI Project Coordinator.