

Research

Request for Proposals

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Shareholder Engagement



## Request for proposals for research 'Shareholder Engagement'

Laudes Foundation seeks an independent research team or researcher for undertaking Shareholder Engagement research.

Complete proposals must be submitted to Nando van Kleeff [n.vankleeff@laudesfoundation.org](mailto:n.vankleeff@laudesfoundation.org) by 29 April 2024 at 17:00 CET. More details are given below in the request for proposals.

### A. Introduction

Laudes Foundation is an independent foundation accelerating the transition to a green, fair and inclusive economy. We do this by supporting brave action that inspires and challenges industry to harness its power for good. We focus on four key industries with an outsized impact on climate change, nature and social inequality: the built environment, finance and capital markets, fashion, and food. Complementing these industry-specific initiatives, our cross-cutting work in labour rights, finance and narratives amplify our impact across all sectors.

Our Finance and Capital Markets programme has been working to create change in the financial industry since 2020. The programme invests across Europe to support the policies, pathways and accountability mechanisms to unlock the finance system. In addition it also seeks to mobilise finance to facilitate industry transitions.

The purpose of this research is to understand what constitutes effective shareholder engagement process by asset owners and asset managers in driving sustainable business practice, and what outcomes signify that the dialogue was successful. This research will feed into the wider strategy of the Finance and Capital Markets programme.

The anticipated start date of the research is 22 May 2024, and the final report must be completed and submitted by 23 October 2024.

### B. Background and context

Active ownership or investor stewardship consists of shareholder engagement and voting. This RfP solely seeks to address shareholder engagement.

Shareholder engagement has become an increasingly important instrument for investors' stewardship. It is widely believed that an active dialogue by shareholders with the management of companies can lead to improvements in a range of sustainability issues, including climate change mitigation, biodiversity, human rights and other areas. There is however a lack of consolidated research regarding what makes an active dialogue successful and if so, which approaches work most successfully. This research aims to solve this problem and provide the wider finance and philanthropic community with a playbook regarding best practice in engagements.

Some research has already been undertaken in this area (see Annex 1), which we would want this work to recognise and build upon.

## C. Purpose and scope

Laudes Foundation would like to learn and help asset owners and asset managers understand effective shareholder engagement approaches, thereby supporting impact on a range of pressing issues, such as climate change. This research will be published on the Laudes Foundation website. Our working hypothesis is that shareholder engagement is an effective way to get companies to take sustainability considerations into account in their decision-making. What is less well understood is whether this is in fact the case, and if so, what types of shareholder engagement approaches show the greatest results and if investors make deliberate choices between different approaches.

This research will include (i) a literature review, (ii) an overview of shareholder engagement models, (iii) approaches, (iv) relevant frameworks (v) impacts and (vi) opportunities and challenges in shareholder engagement approaches. Ultimately, the research should also help elaborate a model that explains expected effectiveness as a consequence of choices made in design of the engagement approach.

### Activities and Objectives:

#### Literature Review:

- Identify what research already exists;
- Identification of key gaps in knowledge and evidence and further discussion with the Research Manager to identify where new or original knowledge needs to be generated.

#### Understanding Shareholder Engagement Regulation and Practices:

- Models:
  - Models for shareholder engagement approaches taking into account features including but not limited to intensity, materiality, feasibility, hierarchy, topical authority, required resources;
- Approaches:
  - An analysis of engagement approaches used for addressing sustainability issues;
  - An analysis of who has used these approaches, including any possible groupings or typologies of these organisations;
- Frameworks:
  - (Applicable frameworks, including regulatory frameworks, that include guidance for shareholder engagement;
- Impacts:
  - Key criteria to define a successful engagement;
  - An analysis of impacts to date from effective shareholder engagement from the different models;
  - Areas of practice in shareholder engagement which could be used more impactfully for addressing sustainability challenges.
- Challenges and Risks:
  - An analysis of key obstacles and risks in using shareholder engagement approaches to address sustainability challenges;

**Geographical Scope:** Global

**Duration:** 5 months

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## D. Research Questions or Key Questions

Recognising the breadth and complexity of the research mentioned above, the research team and Laudes will need to agree on how to structure the project. This will be decided during the inception phase.

The overarching research question is what constitutes effective shareholder engagement process by asset owners and asset managers in driving sustainable business practice, and what outcomes signify that the dialogue was successful. This research will feed into the wider strategy of Laudes' Finance and Capital Markets programme.

## E. Methodology

It is expected that the researchers will provide a framework and approach to the research, including an outline of their research methodology for the proposal. The methodology should include a literature review, as well as interviews with appropriate actors and stakeholders. All sources must be appropriately referenced. Methods will be further informed through consultation with Laudes Foundation in the inception phase.

The research team must ensure that the methodology and approach proposed meets ethical standards, is inclusive from the lens of gender and equity, considerate of the cultural, corporate and political context, and impartial, with safeguards to mitigate bias.

Primary data collection methods could include micro-surveys, interviews, focus groups and questionnaires.

Important sources of information for this work may include asset owners, asset managers, academics, Laudes Foundation staff and partners relevant to shareholder engagement.

A draft report will be discussed in a meeting and circulated to relevant staff and management for review and comment prior to finalisation.

## F. Roles and Responsibilities

The Research Manager (Senior Programme Manager, Finance and Capital Markets Programme, Laudes Foundation) is responsible for:

- Overall responsibility and accountability for management and delivery of the research up to and including approval of the research report (in consultation with the Effective Philanthropy team at Laudes Foundation).
- Technical guidance for the research consultant(s) throughout the research phase up to and including participation / observation of data collection as necessary.
- Identification of peer reviewers (internal and external) and management of peer review process.
- Leadership of the research draft report review process including collating comments and facilitating discussion and feedback.
- In all of these roles, necessary support will be provided by other members of the Finance and Capital Markets team.
- Leadership in use of the research and its publication with support from the brand and communications team at Laudes Foundation.

The research consultant(s) is responsible for:



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- Conducting all necessary literature review and qualitative and quantitative assessments and data collection as necessary
  - Day-to-day management of the research and methodological approach
  - Regular formal and informal reporting to the Senior Programme Manager
  - Preparation of and leadership in key research related meetings (kick off meeting, inception report meeting and draft findings meeting etc.)
  - Support in identification of peer reviewers
  - Addressing peer review feedback in the research
  - Production of deliverables (inception report and research report) in accordance with the request for proposals, Laudes Foundation editorial style guide, Laudes Foundation report style guide and contractual arrangements

The peer reviewers are responsible for:

- Reviewing the draft research report
- Providing peer review feedback to ensure quality of the research report
- Liaising with the research consultant(s), as required.

## G. Process

The research will be carried out according to the principles set out in Laudes Foundation Research Procedures.

The inception and workplan should operationalise the Request for Proposals. The inception report will be based on initial documentary review and preliminary interviews. The inception report and workplan will address the following elements:

- Literature review;
- Expectations from and objectives of the research;
- Roles and responsibilities within the research team;
- Any refinements and elaboration to research questions;
- Methods – qualitative and quantitative and data collection, including possible constraints, ethical considerations and risks;
- Outline of the final research report, with opportunity to deliver the full research report in stages or through interim products (such as blogs) if deemed beneficial by both parties.

The inception report and work plan will be approved by the Senior Programme Manager in consultation with the Effective Philanthropy team, Finance and Capital Markets team and Advocacy, Communications and the Economy team at Laudes Foundation. It will act as an agreement between the consultants and Laudes Foundation on how the research is to be conducted.

The research consultants will prepare the draft and final research reports that describe the research methodology, discuss referenced literature review and key findings in an executive summary.

<b>EVALUATION PROCESS</b>	<b>DUE DATE</b>	<b>RESPONSIBILITY</b>
Selection and contracting of consultancy	10 May 2024	Programme manager
Inception report preparation	22 May 2024	Research team
Completion of documentary review / literature review interviews and fieldwork	21 August 2024	Research team
Draft report for comment	2 September 2024	Research team / Programme manager (facilitator)
External and Internal peer review process	23 September 2024	Programme manager along with peer reviewers
Final report	23 October 2024	Research team
Preparation and copy editing of report	30 October 2024	Programme manager

Dissemination of the  
research

7 November 2024

Programme manager with  
Brand and Communications  
team at Laudes Foundation

## H. Deliverables

The research requires the research team to complete the following deliverables:

- Inception report
- Draft research report along with a comments matrix on addressing peer review feedback
- Research findings meeting (in person or virtual meeting with relevant Laudes Foundation staff)
- Final research report, not to exceed 40 pages, with a two-page executive summary
- Final primary data set (raw data)

## I. Audience and Dissemination

### Primary Audience:

- Laudes Foundation's Finance and Capital Market's team and partners working on shareholder engagement.


### Secondary Audience:

- Financial industry actors.
- NGOs working to create change through the financial industry.
- Other philanthropies engaged in enabling climate mitigation through shareholder engagement through a variety of complementary approaches.

## J. Consultant Requirements and Level of Effort

The proposal should not exceed three pages (excluding annexes). It should include:

- a) Research Methodology: Describe your overall approach and research methodology.
- b) Relevant Experience: Provide details of projects of similar scope, methodology, complexity and nature you have worked on previously.
- c) Specific Expertise: Describe your level of knowledge and expertise conducting the specified type of research and in geographies (as needed).
- d) Specific Expertise of the researcher (or research team). Include CVs (no more than three pages each and attached in an annex).
- e) Timeline: Confirmation that you agree to the research timeline as outlined in this RFP +/- 2 weeks.
- f) Sample reports: One sample research report authored by the team lead (will be treated as confidential and used for purposes of selection)
- g) 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 Euro. The proposal should include costs of a professional editor to prepare the report for external publication. The proposal should include estimated costs for the peer review by two qualified peer reviewers in the inception phase and of the draft report (per peer reviewer a flat fee of EUR 500 and the rate should assume a 20% VAT charge).



Each proposal will be evaluated based on methodology and relevant organisational and staff experience and capabilities. The total budget for this landscape review should include travel expenses (if applicable) and VAT.

The members of the Research Team must have:

- A strong understanding and proven experience regarding finance, climate and equity;
- The time to focus on this research to delivery against deadlines outlined;
- Excellent research skills including data collection, interviews, literature review, focus group facilitation;
- Fluent ability to communicate in English in written and verbal form;
- Strong facilitation skills and presentation skills;
- Good project management skills; as well as
- No conflict of interest with Laudes Foundation.

Level of effort:

- This research is estimated to not take longer than 50 working days' desk time.

Proposals should be submitted via email by Date TBC and addressed to Nando van Kleeff [n.vankleeff@laudesfoundation.org](mailto:n.vankleeff@laudesfoundation.org).



## Annex 1: Research

Bauer, Rob and Derwall, Jeroen and Derwall, Jeroen and Tissen, Colin. Private Shareholder Engagements on Material ESG Issues (May 31, 2023). Financial Analysts Journal, Forthcoming, Available at SSRN: <https://ssrn.com/abstract=4171496> or <http://dx.doi.org/10.2139/ssrn.4171496>

Behar, Andrew. 'A response to "Four strategies for effective engagement: Why the nature of investor-corporate discussion is key for successful outcomes"', *As You Sow*, [A response to "Four strategies for effective engagement: Why the nature of investor-corporate discussion is key for successful outcomes" — As You Sow](#) [4 March 2024].

Bowley, Tim and Hill, Jennifer G. and Kourabas, Steve, Shareholder Engagement Inside and Outside the Shareholder Meeting (June 1, 2023). European Corporate Governance Institute - Law Working Paper No. 709/2023, Available at SSRN: <https://ssrn.com/abstract=4465802> or <http://dx.doi.org/10.2139/ssrn.4465802>

Eccles, Rogbert; Mooij, Stephanie and Stroehle Judith. 'Four Strategies for Effective Engagement'. Responsible Investor. 14 June 2021. Four strategies for effective engagement (responsible-investor.com)

'Elevating Asset Manager Net-Zero Engagement Strategies'. United Nations Environment Programme Finance Initiative. Elevating Asset Manager Net-Zero Engagement Strategies – United Nations Environment – Finance Initiative (unepfi.org). [4 March 2024].

Gifford, James. 'Effective Shareholder Engagement: The Factors that Contribute to Shareholder Salience' in Tessa Hebb ed., *The Next Generation of Responsible Investing*, (Ottawa 2012), Pp 83-106.

Gourley, Loree. 'Effective engagement catapults stewardship to new heights – what does an active steward mean in practice?', 21 July 2022, < [\(1\) LinkedIn](#) > [31 January 2024].

Peres, Susheela da Costa; Chandler, Paul. 'Active Ownership 2:0: The Evolution Stewardship Urgently Needs', *Principles for Responsible Investment*

'Serving Asset Owner Clients through Climate Stewardship: A call to action to the asset management industry'. United Nations Environment Programme Finance Initiative. Serving Asset Owner Clients through Climate Stewardship: A call to action to the asset management industry – United Nations Environment – Finance Initiative (unepfi.org). [4 March 2024].

'The UK Stewardship Code 2020'. Financial Reporting Council. <https://www.frc.org.uk/library/standards-codes-policy/stewardship/uk-stewardship-code/>. [30 September 2023]

UN-convened Net Zero Asset Owner Alliance, 'The Future of Investor Engagement: A call for systematic stewardship to address systemic climate risk', April 2022.