REQUEST FOR PROPOSAL

CLIMATE CHANGE INVESTOR ENGAGEMENT GUIDE FOR AIRLINES AND AEROSPACE COMPANIES

SUMMARY

The Principles for Responsible Investment (PRI) is looking to commission a detailed guide for investors engaging airlines and aerospace companies on climate change risks and opportunities. This guide should set out investor expectations for climate strategies of companies in the aviation sector, drawing on the engagement goals of Climate Action 100+ and the PRI’s recently-released Investor Expectations Statement on Climate Change for Airlines and Aerospace Companies. It should explore the potential decarbonisation pathways for the sector to reach net-zero emissions by 2050, as well as the different manifestations of climate risk and opportunities for the sector. This should also include examples of good practice by aviation companies, with the goal of helping investors and companies hold constructive dialogues.

Use of the guide

The guide is intended to be used as a resource for investor members of Climate Action 100+, as well as other investors engaging aviation companies on climate change risks and opportunities. There are ten airlines and aerospace company engagements in Climate Action 100+, nine of which are coordinated by the PRI. These companies are: Air France-KLM, Airbus Group, X, Y, Z.

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1 The Principles for Responsible Investment (PRI) is a global and United Nations-supported initiative launched in 2006. The PRI has over 2500 signatories with more than US $80 trillion in collective assets under management committed to six principles related to the integration of environmental, social and corporate governance issues into investment and ownership practices.

2 Climate Action 100+ is a five-year investor-led initiative to engage systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement.

3 This statement was published in February 2020. It was initially supported by 122 institutional investors with nearly $6 trillion in collective assets under management. Its purpose is to publicly signal investor support for key actions airlines and aerospace companies can take to manage their climate risks and opportunities. It is also intended to inform investor engagements and conversations with such companies by providing a high-level, unified set of expectations on climate change.
American Airlines, Boeing, Delta Air Lines, Lockheed Martin Corporation, Qantas, Rolls-Royce, and United Airlines.

**Key features for the guide:**

The guide will ideally do the following:

- Focus on both airlines AND aerospace companies;
- Provide a high-level overview of the aviation sector, including:
  - Key climate change risks and opportunities faced by the sector (e.g., related to policy, technology, reputation, etc.);
  - How the sector is governed at the national and international levels, relevant climate regulations, and existing climate targets;
  - Its current and future contributions to global emissions based on business-as-usual scenarios;
  - Its contribution to macro-level climate risk for universal owners and ultimate beneficiaries;
  - Decarbonising solutions for the sector, including an assessment of their technological/economic viability as well as what would be needed to implement them at scale;
  - Other relevant technological trends in the sector (e.g., related to highly carbon-intensive supersonic aircraft); and
  - Potential paths to net-zero emissions by 2050 for the sector, including brief commentary on what each path would imply in terms of the pace of change, innovation needs, policy requirements, costs of transition, necessary stakeholder actions, etc.
- Provide an assessment of current best practices by aviation companies in relation to the three goals of Climate Action 100+\(^4\).
  - Provide case studies and/or illustrations of such best practices.
- Provide suggested investor expectations on climate change for the sector as well as sample questions related to these expectations for investors to ask the boards of aviation companies during engagements.
  - Provide explanations of what strong/medium/weak responses to these questions look like.

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\(^4\) These are: (1) to implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risks and opportunities; (2) to take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well-below 2 degrees Celsius above pre-industrial levels and moving towards 1.5 degrees Celsius. Notably, this implies the need to move towards a net-zero emissions economy by 2050; and (3) to provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, when applicable, sector-specific GIC Investor Expectations on Climate Change guides to enable investors to assess the robustness of companies' business plans against a range of climate scenarios (including well-below 2 degrees Celsius) and improve investment decision-making.
Wherever possible, provide insights relevant to the ten Climate Action 100+ focus companies in the aviation sector (listed above). Where relevant and useful, provide additional resources to inform investor engagements on climate change with airlines and aerospace companies.

The guide should ideally be less than 30 pages in length and structured in a format that is clear and easily digestible. E.g. In modules/sections, with a summary at the top. Where practical, the guide should align with the tone, style, and structure of the Global Investor Coalition on Climate Change Investor Expectations Guides. Given these needs, the consultant selected to put together this guide should have sufficient competencies and experiences in report writing and design.

The PRI may also seek to update the guide periodically. Therefore, consideration should be given to making the guide easy to update in future years.

PROPOSAL

The PRI is inviting proposals from individuals or organisations who have expertise in aviation, climate change financial analysis, and/or experience in investor engagements with aviation companies or facilitating such engagements.

Proposals should include the following:

- Competencies to perform the work. E.g. deep knowledge and expertise in the aviation sector as it relates to climate change, knowledge and expertise in climate-related financial analysis, prior experience of investor engagements with aviation companies, etc.;
- Competencies to write and design reports, including examples of relevant past experiences in report production;
- Proposed structure, layout, and format of the guide to be produced;
- Description of the content to be included, as well as any data and resources to be drawn upon;
- Any suggested amendments to the structure and/or content of the guide (vis-a-vis the requirements above);
- Description of the capacity to perform this piece of work. This should include a brief biography of individuals that would be involved in the work, along with an indication of their competencies, capacity, and locations;
- Quote for the cost to produce the guide (an indicative budget is available upon request); and

See: https://globalinvestorcoalition.org/reports/
• Outline of deliverables and timelines.

The anticipated end date of this work is early-to-mid summer 2020.

**How to submit**

To submit your proposal, please email a PDF to marshall.geck@unpri.org by COB Friday, April 3rd. Evaluation of proposals will commence on a rolling basis upon receipt.

For any questions regarding the request, please email marshall.geck@unpri.org.