REQUEST FOR PROPOSALS

RESEARCH ON TCFD TARGETS AND METRICS FOR REAL ASSETS INVESTORS

1. INTRODUCTION
The recommendations of the Task Force on Climate-Related Financial Disclosures call on companies to report information on the financial risks they face from climate change. The information should be reported such that it is can be used by investors, lenders, and insurance underwriters to appropriately assess and price climate-related risks and opportunities. To date, there has been more emphasis on the application of the TCFD to public markets. However, the recommendations are just as relevant to private markets, including real assets such as real estate and infrastructure. Real assets require a distinct approach when compared to other asset classes, in that the assets are often wholly- or majority-owned by a single investor. Therefore, the onus of TCFD disclosure is with the investor rather than a corporate entity - they are both the compiler and user of the information.

Since the publication of the TCFD recommendations in 2017, the financial services industry has grappled with the best way to put them into practice. In this vacuum, multiple approaches have been developed by asset owners, investment managers and specialist consultancy firms, including ones specific to real assets. Nonetheless, the majority of PRI signatories are still grappling with how to implement the TCFD recommendations: in our 2019 climate snapshot report, based on signatories’ responses to the climate change indicators in the PRI’s 2019 reporting round, only 8% of signatories fall into the top two categories (strategic and responsible). The lessons learned by the group of first movers can therefore provide very useful information for the rest of the industry - particularly on the more complex areas such as target setting and the selection of appropriate metrics.

2. PROJECT OBJECTIVE
This project will gather industry experience on TCFD implementation from advanced real assets investors and investment managers.

There will be a specific focus on the areas of the TCFD which are technically difficult to implement and would benefit from the industry using a common approach - including the setting of portfolio-level climate targets and the selection and monitoring of appropriate metrics to achieve those targets.
The objective of the project is:

■ to gather the experiences of PRI signatories that have implemented the TCFD recommendations in real asset investments;
■ to build a consensus on what constitutes leading practice regarding TCFD metrics and targets;
■ to identify the most widely-used and/or most appropriate climate scenarios for real assets investors;
■ to share this knowledge with the wider industry.

We are looking for consultants who can:

■ Bring to the project deep technical knowledge of the TCFD recommendations and their practical application to real assets investments.
■ Together with the PRI project team, facilitate detailed discussions with real assets signatories to gather information on their approaches to TCFD metrics and targets.
■ Collate and analyse the finding in a way that will support the subsequent development of a formal technical guide for real assets investors.

3. SCOPE AND APPROACH

The consultant should undertake the following activities:

Information-gathering process
The main research for this project should be through interviews with selected real asset signatories, who have demonstrated advanced approaches to implementing the TCFD recommendations.

Through these interviews, the consultant should aim to capture the state of existing industry practice, including:

■ What targets and metrics organisations are using to assess their exposure to and progress against climate-related risks;
■ What approaches, methodologies and working practices have worked to support investor implementation of the TCFD recommendations, and what haven’t worked;
■ What third-party tools or research have been useful for these processes, and how those may have worked alongside internal actions.

The findings of the interviews should be collated and validated through a subsequent group discussion, likely held online. The consultant will be expected to lead the technical elements of this discussion.

Where appropriate, the PRI will manage the logistics of organising the investor consultations.

Deliverables
An initial **long list of potential organisations** to consult for the project, ideally across a range of geographies, who have demonstrated advanced approaches to implementing the TCFD recommendations.

- This list will be refined in discussion with the PRI; we will have the final decision on signatories to be interviewed

**Suggested templates** for the interviews and group discussion, such as core interview questions, and overall structure and key discussion points for the group discussion.

- These templates will be refined and finalised in discussion with the PRI project team.

**Interviews** with 12-15 advanced signatories, and organisation of a group discussion with all interviewees.

**Summary of findings** from the research process to feed into a technical guidance document being prepared by the PRI.

- The PRI has already developed a framework structure for technical guides which this report will follow. Specifically, the final report by the PRI will follow the outline of our guide on *TCFD for Private Equity General Partners*. The findings from this project will feed into the section on Implementing the TCFD Recommendations, notably Pillar 4 on Metrics and Targets.

### 4. TIMELINE

Please see below a suggested timeline for this project. A detailed timeline will be developed and agreed upon after a consultant has been appointed.

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<th>Activity</th>
<th>Jun-20</th>
<th>Jul-20</th>
<th>Aug-20</th>
<th>Sep-20</th>
<th>Oct-20</th>
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<tbody>
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<td>Identify signatories to consult</td>
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<td>Plan signatory interviews and group discussion</td>
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<td>Signatory interviews</td>
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<td>Collate initial findings</td>
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<td>Group discussion</td>
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<td>Deliver final findings to PRI</td>
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### 5. BUDGET

The allocated budget for this project is £22,500 + VAT, inclusive of any project-related expenses the consultant may incur.

### 6. HOW TO SUBMIT A PROPOSAL

Please send your proposal via email to simon.whistler@unpri.org, jake.goodman@unpri.org and edward.baker@unpri.org by close of business 31st May 2020.

Proposals must include:
I. Details of proven experience and knowledge of TCFD and real assets investing. Examples of previous or similar work is welcome;

II. Knowledge of and experience in working with institutional investors;

III. A brief biography of individuals that would be involved with indication of their locations;

IV. Proposed costs of the project for each element and completion dates;

V. Availability for the requested period / ability to achieve deadlines.

7. QUERIES
For any questions regarding the project, please contact Simon Whistler (simon.whistler@unpri.org), Jake Goodman (jake.goodman@unpri.org) or Edward Baker (edward.baker@unpri.org).