REQUEST FOR PROPOSALS

RESEARCH ON INVESTOR DATA NEEDS AND CHALLENGES TO MANAGE HUMAN RIGHTS

BACKGROUND

Institutional investors have a responsibility to minimise harm to people in all their investments as defined by UNGPs and OECD Guidelines. This means identifying, addressing and accounting for negative human rights outcomes in their investment portfolios. This is now also specifically regulated for in the EU for example through the French Vigilance Law, the German Supply Chain Due Diligence Act, and as part of the Sustainable Finance Disclosure Regulation (requiring investment firms to disclose their principal adverse impacts) and the Environmental Taxonomy minimum social safeguard provisions. Other jurisdictions – for example Australia, California and the UK – also have provisions for specific human rights issues.

Obtaining meaningful source data and aggregated information and analysis allowing investors to understand the quality of due diligence of investee companies can be a challenge. Identifying and monitoring risk and actual harm to people can be further complicated in global, diversified portfolios where companies or issuers exceed hundreds or even thousands. Investors rely heavily on service providers to deliver insights and monitor risk and shape sustainability outcomes. PRI signatories, in a recent consultation, highlighted data as the primary challenge when seeking to manage negative human rights risks and outcomes.

This Request for Proposals is for an organisation to investigate data and information needed (both qualitative and quantitative), current data sources and markets, leading investor approaches, and to identify gaps and potential solutions relative to requirements set out in the UN Guiding Principles on Business and Human Rights (UNGPs) and emerging legislative due diligence requirements for investor in a growing number of jurisdictions.

The PRI is inviting proposals from organisations with the following proven experience:

- Conducting in depth and high quality research and analysis on the investment management sector and related data provision markets for social issues / human rights;
- Applying or supporting the implementation of international standards on business and human rights – such as the UNGPs and the OECD Guidelines for Multinational Enterprises (OECD Guidelines) – including their application for institutional investors, and;
- Producing and presenting research in a high quality format.
The findings of this research project will inform the PRI’s human rights work programme, particularly in relation to future recommendations on public policy and regulation, driving meaningful data for investors, and supporting the industry with guidance, case studies and constructive dialogue between institutional investors and their data providers. Additionally, it will contribute to the PRI’s work programme on sustainability outcomes.

SCOPE

The Principles for Responsible Investment (PRI) is commissioning research to understand the data needs and challenges (both qualitative and quantitative) associated with institutional investors responsibility to respect human rights and implementation into investment processes and stewardship activities. Focus is on both raw and processed data that investors need and use to understand and manage risks and shape sustainability outcomes for people which they are linked to through their portfolio holdings.

The following elements are expected from the research:

1. Outline the key investments decisions that investors make on human rights based on UNGPs, the OECD Responsible Business Conduct for Institutional Investors, and the PRI’s Why and How Investors Should Respect Human Rights;

2. Identify the qualitative and quantitative human rights information that is needed to support these decisions and measurement questions (alignment with UNGPs), including metrics and data points;

3. Summarise leading PRI signatories’ investment processes, data sources and information challenges relative to implementing the UNGPs and / or meeting specific regulatory requirements;

4. Identify the existing data sources and tools that can support user case (#1 and #2);

5. Summarise current best practice in terms of process and data usage, key human rights data needs and challenges and propose next steps.

Point 1 and 2 above involve only a summary of existing standards and guidance – as referenced – and not additional new analysis. The PRI is currently also undertaking research to inform the successful consultants on element #3.

Included in scope are investors usage and needs in relation to: a) raw data provided by investee companies themselves, civil society, affected stakeholders, multilaterals or others, and b) processed data in the form of scoring, benchmarks or other aggregated information as delivered by service providers and other stakeholders. For reference, a non-exhaustive overview is provided below to illustrate:

- RepRisk, Business & Human Rights Resource Centre, OECD NCPs (raw data)
- Bloomberg, GRI, NFRD, UNGC, UNGP Reporting Framework (corporate reporting)
- SASB (sectoral – social risk)
- MSCI & FTSE Russell, Sustainalytics, Refinitiv, ISS, CHRB (scoring / benchmarking)
- OECD, IMF, World Bank (macro / country)
This project will not investigate investments related to sovereign entities and this research does not entail new or independent assessment of the content of each data source, but existing literature should be consulted.

**TIMELINE AND DELIVERABLES**

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<th>Duration</th>
<th>Activity</th>
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<tr>
<td><strong>Feb – May 2022</strong></td>
<td>Desk research and interviews. Regular progress update meetings with PRI to brief project manager on key findings or challenges.</td>
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<td><strong>June 2022</strong></td>
<td>Prepare and present draft findings to PRI.</td>
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<td><strong>July 2022</strong></td>
<td>Deliver final findings to the PRI, and provide additional inputs and clarifications as required.</td>
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The output with findings should include the elements set out in the scope section above.

**BUDGET**

The budget for this research is £30,000.

**HOW TO SUBMIT A PROPOSAL**

Please send your proposal – highlighting high level proposed approach and methodology, and details of relevant experience to Nikolaj Halkjær Pedersen (nikolaj.halkjaer@unpri.org) by close of business Wednesday 23 December.

**QUERIES**

For any questions regarding the project or the requests outlined above, please contact Nikolaj Halkjær Pedersen.