REQUEST FOR PROPOSALS

ESG DATA AND SERVICE PROVIDERS: MEETING INVESTOR DATA NEEDS FOR CLIMATE GOAL ALIGNMENT

INTRODUCTION

The rapid growth of responsible investing has led to a steep increase in the demand for ESG data and related products and services. Most investors now use third-party ESG data and service providers for obtaining at least some of their ESG data and analysis, and some investors even rely on externally processed data. Furthermore, ESG ratings or scores are often central to the methodologies of ESG focused passive investment products - which is one of the strongest growing markets - and therefore have a growing influence on capital allocation decisions by investors.

Adapting to increased demand, the market for data and service providers has changed profoundly over the last decade after a series of mergers and acquisitions and the entry of new players (mostly major US and UK domiciled financial organisations). ESG data and service providers today offer a wide and diverse range of products and services beyond the provision of ESG data, and ratings/scores based on that data. These include portfolio analysis, construction of financial indices, advisory services to companies in defining their ESG strategy and certification for ESG products. This has gained the attention of regulators like IOSCO\(^1\) and the EU\(^2\).

In parallel to this growth in demand for ESG data, responsible investing is also going through a fundamental shift in approach. Investors are increasingly moving beyond a sole focus on integrating

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1. See the PRI’s response to IOSCO’s consultation on ESG ratings and data products providers [https://dwtyzx6upklss.cloudfront.net/Uploads/h/f/i/20210906_priconsultationresponseioscoreportesgratingsdataproductsproviders_214450.pdf](https://dwtyzx6upklss.cloudfront.net/Uploads/h/f/i/20210906_priconsultationresponseioscoreportesgratingsdataproductsproviders_214450.pdf)
2. See the PRI’s response to ESMA’s call for evidence on market characteristics for ESG rating providers in the EU [https://dwtyzx6upklss.cloudfront.net/Uploads/f/s/esmaconsultationresponseesgratingsmarch2022final_897969.pdf](https://dwtyzx6upklss.cloudfront.net/Uploads/f/s/esmaconsultationresponseesgratingsmarch2022final_897969.pdf)
ESG risks and are considering the real-world outcomes of their investments and how these contribute to meeting global sustainability goals. The recognition that a pure risk and return lens will not serve investor needs over the long term, nor help achieve climate and environmental goals, is driving a change in the tools and data needed by investors.

Given the dependency of investors on ESG data and service providers, and the increasing demands of investors seeking to align their portfolios with sustainability goals, it is important that these services and products and their methodologies are transparent, they are well understood by their users, and that the market is evolving to meet new demands. Post-COP26 provides a sense of urgency, and an opportunity to analyse the state of the market of ESG data and service providers.

**PROJECT AIMS**

The PRI has received external grant funding to carry out a project to influence the development of the market for ESG data products and services, and to ensure that necessary data and information is available to support investors aligning their investments with climate goals, in particular net zero commitments. The project must be delivered by the end of February 2023.

This request for proposals (RFP) is to seek a consultant to carry out the initial research and analysis phase of the project (ending on 31 December 2022). Deliverables for this phase will include: a report and materials to support the dissemination of the findings in later stages of the project.

**ACTIVITIES AND EXPECTATIONS**

The consultant should undertake the following activities:

1. **Work with the PRI**
   - The consultant will be expected to work closely with the PRI’s project manager for the project – they are a part of the PRI’s Driving Meaningful Data (DMD) team. This includes regular project updates - frequency and format to be agreed at the project kick-off meeting.
   - The consultant will be expected to also engage with the PRI’s DMD and Sustainable Financial System (SFS) teams, as well as further PRI teams as required. This will be facilitated by the PRI’s project manager.

**Deliverables:**
   - Regular project update meetings and meeting notes.

2. **Research and analysis**
   - Analysis of the spectrum of investor (both asset owners and asset managers) data needs for ESG data and tools (including the PRI’s signatory reporting requirements), with a focus on climate change. The PRI is currently developing a framework on investor data needs, which will inform this task.
Identify the key providers (including private sector and not-for-profit service providers) within the ESG data and services market and agree which will be the focus for this in-depth analysis. This may be an iterative process which is to be agreed with the PRI project team.

Carry out comparative analysis\(^3\) of the selected ESG data and service providers to better understand different methodologies, what they aim to measure (e.g., risk and return vs sustainability performance/historical performance vs forward-looking), with a focus on climate change, how they support the implementation of investors’ climate goals, progress tracking and disclosure obligations, and any additional criteria that is agreed to be of relevance.

Map how the ESG data products and services, that were analysed in the point above, relate to regulatory requirements such as investors’ disclosure obligations.

Assess how the market is meeting investor data needs. This will need to be assessed relative to the needs identified in the previous tasks, the PRI’s signatory reporting requirements, and the framework currently under development within the PRI.

Identify potential market barriers to meeting investor data needs and provide suggestions for how these barriers could be overcome by the industry, policymakers, and other key stakeholders.

**Deliverables:**

- Draft and prepare a final report for publication. The report will include:
  - A clear overview of the structure and key characteristics of the current market, including the methodologies used, for ESG data products and related tools and services.
  - Insights on whether the current market supports investors seeking alignment of their investments with climate goals.
  - Recommendations on how the market could be improved to support investors.

3. **Support coalition building activities within the wider project**

- Draft and prepare briefing notes to support workshops and events organised by the PRI to test and socialise the project’s findings.

- Prepare and deliver presentations at workshops and events.

**Deliverables:**

- Briefing notes and presentations.

4. **Dissemination**

- Develop summaries of the findings from point 2 (research and analysis) to share with different audiences.

**Deliverables:**

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\(^3\) Analysis must take into account work under the PRI’s ongoing credit risk and ratings initiative [https://www.unpri.org/investment-tools/fixed-income/credit-risk-and-rating](https://www.unpri.org/investment-tools/fixed-income/credit-risk-and-rating) and other relevant initiatives such as the Net Zero Financial Service Providers Alliance (NZFSPA).
Draft key messages and materials to support the dissemination of findings to investors, policy makers, regulators, and service providers, including a summary of findings. Note: the number of key messages documents is to be agreed with the consultant.

DELIVERABLES AND TIMINGS

The key deliverables are mentioned above.

The project will run from 6 June 2022 until 31 December 2022. Below are suggested timings for the project - to be agreed at the project kick-off meeting. Note: there may be overlaps between the different activities.

<table>
<thead>
<tr>
<th>Activity/deliverable</th>
<th>Timing</th>
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<tbody>
<tr>
<td>Project start date</td>
<td>6 June 2022</td>
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<tr>
<td>Research and analysis</td>
<td>6 June to 30 September 2022</td>
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<tr>
<td>Support coalition building activities</td>
<td>1 July to 31 December 2022</td>
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<td>Final report</td>
<td>30 September 2022</td>
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<tr>
<td>Dissemination materials</td>
<td>1 October to 31 December 2022</td>
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<td>End of project</td>
<td>31 December 2022</td>
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BUDGET

Please submit a proposal which fits into the overall budget of £63,000-83,000 inclusive of VAT, if applicable.

WHO SHOULD APPLY?

The PRI is inviting proposals from consultants, academics or consortiums that can demonstrate experience in:

- Research and analysis on the market for ESG data products, services, and their providers.
- Research and analysis on ESG data and metrics, with a focus on climate change.
- Understanding the investment industry including the structure and operation of the investment chain, and investor decision-making processes.
- Drafting and adapting technical content to communicate to diverse audiences.
- Collaboratively working with others and fostering an inclusive environment.

HOW TO SUBMIT A PROPOSAL

Please send your proposal to SFS@unpri.org by 18.00 CEST on Friday 6 May 2022. The timings are as follows:
<table>
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<tr>
<th>RFP process</th>
<th>Timing</th>
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<tr>
<td>Deadline for questions about this RFP</td>
<td>Monday 25 April at 18.00 CEST</td>
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<tr>
<td>Deadline for RFP proposals</td>
<td>Friday 6 May 2022 at 18.00 CEST</td>
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<td>Shortlisting for interviews</td>
<td>Friday 13 May 2022</td>
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<tr>
<td>PRI final decision</td>
<td>Friday 27 May 2022</td>
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Feel free to contact us if you have any questions regarding the project or the requests outlined in this document.

The proposal should include:

- Availability for the requested period/ability to achieve deadlines.
- A summary of relevant experience, competencies, professional or academic background for individuals that would be involved in this project.
- Reference to track record of key academic work, studies or other projects that may be relevant to this project.
- Data sources you would propose to use during the research and analysis.
- A summary of the approach that you would take in developing a methodology for this project and any suggestions for deviations from the scope outlined in this document.
- A breakdown of project costs for each activity.

**ABOUT THE PRI**

The Principles for Responsible Investment (PRI) is a membership-based organisation that works with its international network of signatories to put the six Principles for Responsible Investment into practice. The PRI works to understand the investment implications of environmental, social and governance (ESG) factors and to support its signatories in incorporating these factors in their investment and ownership decisions. The six Principles were developed by investors and supported by the United Nations (UN) and now have over 4,700 signatories with approximately US $121 trillion in assets under management.