



Environmental, Social, and Governance (ESG) Consultant RFP

Overview & Recommendation

Investment Staff | October 2019

RFP Overview:

As long-term investors, we believe that environmental, social and governance (ESG) issues have a material impact on value creation for shareholders.

The integration of ESG factors into the investment process can help provide meaningful insight into the risk profile of an investment opportunity, which can protect shareholder value and maximize returns for our members.

As part of RI Treasury procurement process, a Requests for Proposal was issued to find a consultant to:

“support the SIC investment team in developing a strategy for adoption of Environmental, Social & Governance integration in the investment policies and procedures relating to private assets (equity, credit, real estate and infrastructure) of the ERSRI defined benefit plan...”

The ESG Consulting project will focus on private assets, which have:

- Long investment time horizons and are typically illiquid
- Less required public disclosure, including on material ESG data

Leveraging the resources and tools of a leading consultant in the ESG space will provide the SIC/Investment Staff with more and better information. Effectively incorporating ESG factors into the investment decision-making process can help us evaluate and understand ESG-related investment risks.

RFP Overview:

RFP Timeline:

- RFP Issued: August 27, 2019 (*originally issued July 15, 2019*)
- Responses Due: September 18, 2019

Provisional Project Timeline (*more formal schedule will be agreed upon with consultant as part of the appointment process*):

- Approximately 6-8 weeks for research, analysis, and report writing followed by a discussion of the report with the SIC

Seeking:

- Consultant with deep knowledge & understanding of ESG integration techniques across multiple asset classes – to support SIC investment team in developing strategy for adoption of ESG integration and procedures relating to private assets of the ERSRI defined benefit plan

Responsibilities:

- Prepare written recommendations for incorporation of ESG factors in due diligence, selection and monitoring of private investments
- Provide potential strategies for encouraging private asset managers to more effectively manage ESG risks in their own due diligence and operations of their underlying investments
- Identify potential process improvements in the selection, monitoring and engagement process with respect to integration of ESG considerations in the private asset investment process

ESG Selection Process:

Search Committee:

- Alec Stais
- Justin Maistrow
- Kelly Rogers
- Randy Rice

Response from seven (7) firms; five (5) were scored*:

- Wilshire
- Goldman Sachs Asset Management (GSAM)
- NEPC
- Aon Hewitt
- RockCreek

Bids Evaluated by Search Committee on:

- Stability & Experience of Firm (10%)
- Quality Depth & Experience of Personnel (15%)
- Client Relations and References (15%)
- ESG Consulting (35%)
- Fee Proposal (25%)

**2 Additional bids were received, which did not meet the minimum qualifications to be given further consideration.*

Wilshire Recommendation for ESG Consultant:

Scoring Criteria and Results:

Criteria	Firm					
	Max Score	Wilshire	GSAM	NEPC	Aon	Rock Creek
Stability and Experience of the Firm						
Stability of the firm (organizational and as a fiduciary)	3	3.0	3.0	3.0	2.8	3.0
Experience of the firm providing ESG consulting services	7	6.5	5.3	4.5	5.0	4.8
Category Subtotal	10	9.5	8.3	7.5	7.8	7.8
Quality Depth and Experience of Personnel						
Experience in providing similar ESG services to institutional investors	7	6.5	5.8	5.3	5.0	5.5
Accessibility of key staff as measured by client ratio	4	3.8	3.0	3.0	2.8	2.8
Depth of personnel	2	2.0	2.0	2.0	1.8	2.0
Personnel turnover	2	2.0	1.5	1.8	2.0	2.0
Category Subtotal	15	14.3	12.3	12.0	11.5	12.3
Client Relations and References						
Stability of the Firms client base	6	5.5	5.0	4.8	3.8	4.3
Quality of references from clients	9	9.0	7.0	7.0	8.0	7.0
Category Subtotal	15	14.5	12.0	11.8	11.8	11.3
ESG Consulting						
Length of time the firm has provided the specific services requested	5	4.5	4.3	4.3	3.8	3.8
Quality, timeliness and breadth of services offered	10	9.8	8.3	7.5	7.3	6.8
Resources and knowledge of the firm with respect to pension	10	9.5	8.8	8.0	7.0	7.8
Quality and usefulness of the firm's prior publications, analyses, and reports	5	4.8	3.8	3.8	3.0	3.0
Ability and resources to keep ERSRI apprised of ongoing developments in the field	5	4.8	4.3	4.0	3.8	4.3
Category Subtotal	35	33.3	29.3	27.5	24.8	25.5
Fee proposal score	25	20.0	20.0	25.0	15.0	17.0
Grand Total	100	91.5	81.8	83.8	70.8	73.8

Wilshire – Recommended ESG Consultant:

Wilshire received highest numerical score and is recommended to serve as an ESG Consultant for ERSRI:

- Depth of ESG-focused resources
- Strong proposed support team with robust ESG experience
- Extensive breadth of ESG consulting services
- Highly positive client references