



Consultant Terms of Reference (ToR): Analysis of links between SPOTT's ESG data and financial risk and performance measures

Date: 9th August 2019

1. Introduction

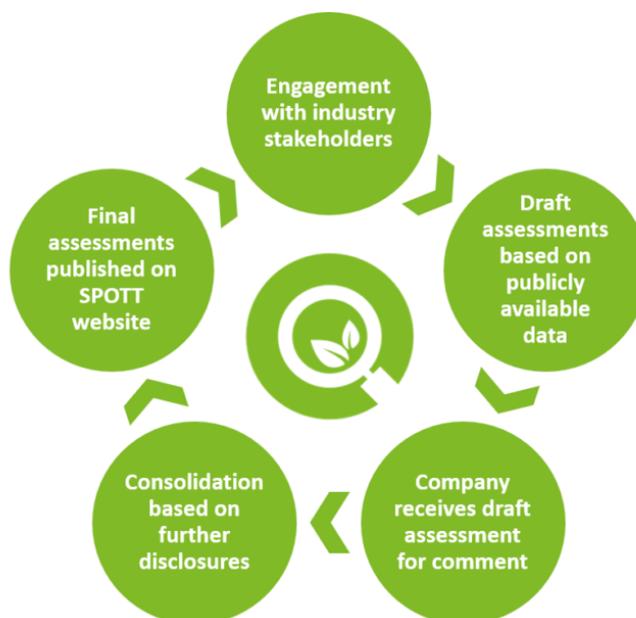
This ToR outlines the responsibilities and deliverables for a consultancy opportunity with ZSL's SPOTT Programme to carry out an analysis to identify potential links between SPOTT's ESG data and company financial risk and performance measures.

2. Background

SPOTT is an online platform (www.spott.org) supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice. SPOTT assesses commodity producers and traders on the public disclosure of their policies, operations and commitments related to environmental, social and governance (ESG) issues. SPOTT scores companies annually against sector-specific indicators to benchmark their progress over time. SPOTT is managed by the Zoological Society of London (ZSL).

SPOTT assessments typically cover more than 100 indicators on key ESG issues with a level of detail which is unparalleled among freely available platforms, benchmarks and scorecards.

Companies do not report directly to ZSL to inform their SPOTT assessments. Instead, we conduct thorough reviews of their publicly available reports and publications, before contacting each company with its draft assessment. This engagement process means that companies have the opportunity to have a discussion with ZSL, make further public disclosures, and provide feedback ahead of the final review and publication on SPOTT.



Assessments are carried out annually in a process which can take up to 3.5 months per commodity (up to 100 companies at a time), twice a year.

SPOTT began assessing companies in the palm oil sector in 2014, starting by targeting the 24 most important producers and progressively adding companies to increase coverage and capture other supply chain segments such as traders (2017) and crushers and refiners (2019).

3. Description of the service

The Consultant will use SPOTT data and relevant financial data to answer the following research question:

- ***What are the links between SPOTT's ESG assessment data for palm oil producers, processors and traders, and financial risk and performance measures?***

To review potential links between SPOTT's ESG data and available financial risk and performance measures for companies assessed, the Consultant is expected to:

- Become familiar with SPOTT's approach and methodology;
- Identify relevant non-financial data (e.g. SPOTT scores, individual category or indicator scores, information about the company's scope of operations etc) from the SPOTT dataset (and other sources where relevant) with the support of the SPOTT team;
- Identify and obtain relevant financial data relating to risk and performance (this may be provided if the consultant does not have access to their own sources);
- Check and improve consistency and integrity of available financial and non-financial data for the specific purpose of the study, applying statistical control where necessary;
- Analyse and interpret the links between SPOTT ESG data and financial performance, and deliver the findings in a report to ZSL

Note: The Consultant's findings may or may not be used in future ZSL/ SPOTT-branded publications.

4. Outputs

The Consultant is expected to provide the following deliverables:

1. Conduct at least one face-to-face or virtual meeting with ZSL staff to understand the motivations for conducting the study and discuss the overall study approach.
2. Cleaned non-financial and financial datasets (including data used for statistical control), including results from the analysis;
3. A preliminary assessment (up to two pages) to check-in with ZSL staff and report on the feasibility of a full analysis based on available data.
4. Based on the outcome of the interim report, a comprehensive report (10-20 pages, excluding any annexes) including:
 - o A detailed and exhaustive methodological approach, listing all relevant research choices, assumptions and constraints;
 - o An interpretation of the datasets and the relationship between the non-financial and financial data considered in the study, with a view to highlighting potential links between scores on ESG datapoints and financial risk or performance. The Consultant is expected to provide comments relying on qualitative as well as quantitative analysis.
 - o A critical review of the findings (caveats of the data used and, if applicable, recommendations for improvements to SPOTT's data set).
5. A synthesis document (max 4 pages) summarising the key findings from the analysis.

5. Consultant qualifications

ZSL requires that the Consultant(s) have:

- Masters degree in a relevant subject or a BA/BSc complemented with relevant experience (essential)
- Demonstrable financial research and data analysis expertise (essential)

Links between SPOTT's ESG data and financial risk and performance measures

- Demonstrable corporate or ESG research expertise (essential)
- Excellent communication, analytical and writing skills (essential)
- Experience in responsible sourcing and sustainable commodity production (desirable)

6. Timeframe and cost

The Consultant is expected to conduct the research in August and September 2019, with the two-page preliminary assessment submitted by 15th September, the draft of the final report submitted by 22nd September 2019, and the final report by 30th September 2019.

- The total fee for this consultancy should not exceed £3,500 for the full study (£1500 only in the eventuality that the consultant's preliminary assessment determines that the full study cannot be conducted with currently available data).
- The total fee allocated for this consultancy is inclusive of all costs incurred by the Consultant, including the sourcing of financial data as needed for the study.
- The total fee allocated for this consultancy excludes VAT.

7. Proposals

Proposals in response to these Terms of Reference must be submitted by email to clara.melot@zsl.org and michael.quindon@zsl.org by midnight (BST) on 25th August 2019.

Note: ZSL is also tendering a separate consultancy project to research the links between palm oil production practices and financial impacts for palm oil companies (www.spott.org/consultancy-opportunities/). We welcome joint proposals for both projects with the submission of one larger report rather than two separate reports.

