

REQUEST FOR INFORMATION

**PROCUREMENT OF COMPANY AND SECTOR ANALYSIS ON
ENVIRONMENTAL, SOCIAL AND ETHICAL ISSUES, INCLUDING ADVISORY
SERVICES**

FIRST AP FUND (AP1) (2010:32 001.LED)

SECOND AP FUND (AP2) (AP2 2010/0021)

THIRD AP FUND (AP3) (2010/192)

FOURTH AP FUND (AP4) (2010/0031)

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1. BACKGROUND

The Swedish National Pension Funds (AP Funds) are part of the Swedish retirement pension system. The Funds belong to the pay-as-you-go component of the pension system. The basic principle is that the current pension benefits are financed by contributions and the role of the AP Funds is to act as buffer funds within the system.

The First, Second, Third and Fourth AP Funds (AP1, AP2, AP3 and AP4) are regulated by the Swedish National Pension Funds Act (2000:192) and the Funds have a common mission and identical guidelines. The overall mission is to manage the net assets to the largest possible benefit for the pay- as- you-go part of the pension system. The administration of the Funds shall take the liability side in the pension system as a starting point. The management of the funds shall not be influenced by prevailing government policies whether industrial or economic. The goal is to maximize long-term return, with a low level of risk, for the benefit of those insured in the retirement pension system. Risk diversification is a guiding principle in the management of the Funds.

Each Fund is managing well-diversified global portfolios comprised of listed equities, fixed income instruments and alternative investments such as private equity, real estate and timberland. For more detailed information regarding the Funds please see the Funds individual websites; (www.ap1.se; www.ap2.se; www.ap3.se; and www.ap4.se).

The four Funds coordinate their work on environmental and ethical issues through a joint Ethical Council. Read more about the Ethical Council on www.ethicalcouncil.com .

2. THE PROCUREMENT

2.1 Assignment

Preparatory work to the act that governs the AP Funds (prop. 1999/2000:46) states that consideration shall be given to ethical and environmental issues without compromising the overall goal of attaining a high return.

Each Fund has formulated an ethical and environmental policy and the four funds have together through the Ethical Council formulated a core value position. The common thread within the Funds' policies are the values of the Swedish parliament, which are expressed through the signing by the State of Sweden of international conventions and through the support of initiatives such as UN Global Compact and the OECD's guidelines for multinational companies. These conventions constitute the basis for the ethical and environmental policy of each Fund and also the common value position expressed by the Ethical Council.

Each Fund is also a signatory to the UN lead Principles for Responsible Investment (PRI). The implementation of each respective policy may vary between the Funds.

The main objective with the Ethical Council is to co-operate regarding engagement on environmental, social and ethical issues with non-Swedish based companies,

where each Fund has relatively small holdings and where a common platform is deemed more efficient. The main objective with this procurement is to supply the Ethical Council with qualified information and analysis regarding company behavior and strategy in order to ensure that the limited resources of the Ethical Council are used efficiently and address the most important issues. The Funds invest in global portfolios that contain between 3000 and 4000 securities.

The Funds do not share a common view on how to integrate ESG issues into their respective investment strategies, but the information gained through the co-operation within the Ethical Council can be used for these purposes. Each fund procures services on individual basis to assure proper integration of these issues into asset management. For further information see the website for respective Fund.

The **areas included** in the work procedures of the Ethical Council **related to this procurement** are:

- 1) Systematic screening of company related incidents that can associate a company to violations of international conventions or to violations of the UN Global Compact. (Please note that the service provided **MUST** have a procedure to establish relevance and severity of incidents.)
- 2) Company related analysis regarding environmental, social and ethical issues, focusing on aspects such as quality of policy, management systems, implementation, reporting and verification.
- 3) Sector and theme analysis regarding environmental, social and ethical issues.
- 4) Advice and support regarding dialogue with companies related to environmental, social and ethical issues.

The Funds intend to sign framework agreements for a three (3) year period with the possibility for each Fund to extend the agreement for one (1) year. Services will be called off during the duration of the framework agreement, as needs arise. It is important to notice that the signing of a framework agreement does not guarantee any business. To ensure the access to competence in every individual case, the Funds intend to sign with more than one supplier. The Funds reserve the right to use other service providers for these purposes.

Today, some of the Funds collaborate with individual consultants for certain issues. Where such collaboration exists, the Funds reserve the right to use these consultants even after the framework agreements have been signed. The requests and requirements of the services will be clarified below.

2.2 The Funds joint relationship in connection with the procurement

The procurement will be carried out through a coordinated procedure. Each fund has decided to procure company and sector analysis on environmental, social and ethical analysis including advisory services. AP1 has on assignment by AP2, AP3 and AP4 advertised the procurement. The notification of interest to participate in the tender

shall be submitted to all four funds by submitting an application to AP1, see section 3.1.). The procedure of evaluating the applications and tenders will be done jointly by the Funds. Each Fund will be making independent decisions regarding the procurement (for example, award decisions) and the frame agreements will be signed by each Fund.

2.3 A tender in sections

There is no need for applicants to tender for all services described under sections 2.1.

The Funds will have the opportunity of signing framework agreements with applicants who only submit bids on some of the sections.

2.4 Procurement Form

The procurement will be carried out as a negotiated public procurement according to the Swedish law. This means that the authorities have the possibility, but not the obligation, to engage in negotiations. The applicant shall bid as if the bid will not be possible to be negotiated.

2.5 Preliminary time line for procurement

The procurement will follow the preliminary timeline set below:

2010-06-30	The tender is advertised on the "TED – Tenders Electronic Daily http://ted.europa.eu/TED/main/HomePage.do ".
2010-08-09	Last day for submission of notification of interest to participate in the tender.
2010-08-11	Submitted notifications of interest will be opened.
2010-08-11- 2010-08-23	Evaluation process to determine which applicants to be invited to participate in the tendering process based on the Funds' assessment of the information provided in the notifications of interest (see section 5).
2010-08-24	Applicants selected by the Funds will be invited to answer the Request for Proposal.
2010-09-16	Last day for submission of bids (NB - exact date will be given in the RFP)
2010-09-20	Submitted bids will be opened.
2010-09-21- 2010-10-25	Evaluation process and negotiations.
2010-10-25	The Funds award framework agreements and inform the other service providers who have participated in the bidding process.
2010-11-11	The agreements are signed by the respective Funds.

3. ADMINISTRATIVE CONDITIONS AND REQUIREMENTS

3.1 Submission date for notification of interest

The notification for interest to participate in the tendering process **MUST** be submitted to AP1, no later than August 9, 2010. The applicant is responsible to ensure that the notification arrives in time. Applications arriving after August 9 2010,

5.00 p.m. (CET) will not be accepted.

3.2 Address

Mailing address:

The Ethical Council
c/o Första AP-fonden (AP1)
Box 16294
SE-103 25 Stockholm, Sweden

The applications can also be delivered in person or by courier to the following address in Stockholm:

Första AP-fonden
Regeringsgatan 28, 5th floor.

Open weekdays from 8:00 a.m. - 11.45 a.m. and 12:45 p.m. and 5:00 p.m.

Applications cannot be accepted via fax or e-mail since confidentiality cannot be guaranteed.

3.3 Questions and Information

Any questions regarding the procurement and the Request for Information shall be put forth, in writing, to Nadine Viel Lamare, e-mail address: info@ethicalcouncil.com with the reference "2010:32 001.LED"

Answers to questions deemed relevant to all applicants will posted on the homepage of the Ethical Council, www.ethicalcouncil.com on July 30, 2010.

Please notice that questions submitted later than July 27, 2010 may be difficult to answer due to the timeline of the procurement.

3.3 Applications and confidentiality

In order for the Funds to maintain confidentiality, the applications must be submitted anonymously (without the name of the company or insignia on the envelope) and the envelope should be labeled "2010:32 001.LED".

The applicant shall give notice as to any confidential information in the notification of interest.

3.4 Application Form

The applications **MUST** be in writing and **MUST** be written in either Swedish or English.

The responses **MUST** be concise and **MUST** follow the same numerical order as the Request for Information.

The applicant **MUST** give his name, telephone number, and e-mail address for a contact person, with the ability to answer questions regarding the application.

The application **MUST** be submitted in its original form, along with five (5) copies.

3.5 Signatures

The application **MUST** be personally signed by a person authorized to sign on behalf of the company or another person who has power of attorney to sign on behalf of the applicant. The power of attorney need not concern itself specifically with this procurement but **MUST** contain the person with the power to decide and sign on behalf of the applicants company regarding questions concerning the tender.

Evidence: If the application is signed by someone with power of attorney, then the power of attorney **MUST** be attached to the application.

4. SERVICE PROVIDER STANDING AND EXPERIENCE

NONE of the issues raised in Article 29 (a)-(g) of Directive 92/50/EEC **MUST APPLY** to the applicant.

The applicant must prove relevant experience for the each service it intends to bid for by providing answers and relevant documentation for all questions under this section, and where applicable, for each service individually:

The applicant **MUST** answer the questions below.

- 4.1 Provide certification regarding corporate registration, business register or corresponding register**
- 4.2 Provide certification that evidences that prescribed taxes and fees are paid**
- 4.3 Provide certification showing that the applicant is not in bankruptcy, liquidation or insolvency procedure, forced liquidation or any other similar procedure**
- 4.4 Provide the most recent annual report**
- 4.5 Provide Information regarding the length of time the company has been in business**
- 4.6 Provide information showing if the applicant is a signatory to the UN Principles for Responsible Investment**
- 4.7 Provide information describing if the services are certified against the Voluntary Quality Standard**
- 4.8 Provide information regarding turnover of each different service addressed in the Request for Information**
 - 4.8.1 Systematic screening of company related incidents that can associate a company to violations of international conventions or to violations of the UN Global Compact. (Please note that only screening services having a procedure to establish relevance and severity of incidents are to be included.)

4.8.2 Company related analysis regarding environmental, social and ethical issues, focusing on aspects such as quality of policy, management systems, implementation, reporting and verification.

4.8.3 Sector/theme based analysis regarding environmental, social and ethical issues.

4.8.4 Advice and support regarding dialogue with companies related to environmental, social and ethical issues.

4.8 Information about any other relevant operation and turnover

4.9 Information regarding which countries the bidder is represented in with its own staff.

4.9.1 Please indicate the number of co-workers per country.

4.9.2 Please indicate if any of the analysts communicates in Swedish.

4.9.3 Please provide a SHORT description of capability and experience of each relevant analyst.

4.10 Provide information about which services (described under section 2.1) that the applicant intends to bid for

4.11 Information regarding clients

4.11.1 Please indicate number of clients in total and per region.

4.11.2 Please indicate the three main clients and the length and scope of your client relationship. Please provide references.

4.11.3 Please indicate any clients that are comparable to the Funds in terms of portfolio size, guidelines and working procedures. Please provide references (at least one per category of service listed under section 2.1 that the applicant intends to bid for).

4.12 Information regarding ownership and partners

4.12.1 Please indicate if the company is part of any relevant networks and describe how possible collaboration is set up.

5. EVALUATION PROCEDURE

There is no need for applicants to notify interest for all services described under sections 2.1. The Funds have the opportunity of inviting applicants who only submit notification of interest for some of the services.

The Funds intend to invite more than one applicant per service described under section 2.1. (subject to that more than one applicant fulfills the qualification requirements).

The evaluation procedure will proceed according to the following:

The evaluation of the applications will start with the review of the fulfillment of the requirements in the request for information which is marked "**MUST**" (sections 3-4).

Applications that do not have all of the **MUST** requirements fulfilled will not be part of the evaluation procedure of the Funds. Thereafter the remaining applications will be evaluated.

If the number of applicants exceeds the maximum number of applicants that the Funds intend to invite to the tendering process, the Funds will select the applicants assessed to have the most relevant experiences/qualifications to provide the Funds with the best support according to the description in this Request for Information. The assessment will be done for each service (described under section 2.1) individually.