



Tredje AP-fonden

Our reference number:
2002/0052

Questionnaire for tender notice: Corporate sustainability analysis

1. Background

The Third Swedish National Pension Fund (AP3) is one of four buffer funds in the Swedish pension system. On June 30, 2002, the size of its managed assets totalled SEK 126.5 billion. For more information on the operations and mandate of the Fund, visit its web site, www.ap3.se.

According to the National Pension Funds Act (2000:192), AP3 is required to adopt an annual activity plan that, among other things, shall contain a description of how ethical and environmental considerations will be addressed in its financial investment operations.

It is clear from the preparatory documents of this Act that the overriding goal of AP3 is to achieve a high return for the benefit of the Swedish public old-age pension system. Ethical and environmental considerations shall therefore be addressed without relinquishing the goal of high return on capital.

AP3 has chosen mainly to pursue an active corporate governance policy in order to ensure that these considerations are addressed in the way intended by the legislators.

As indicated in the corporate governance policy document adopted by the Fund's Board on August 22, 2002 (can be downloaded in Swedish at www.ap3.se), the basis for the Fund's positions on ethical and environmental issues is the international conventions that Sweden has signed.

2. General guidelines for the tender procedure

To enable AP3 to evaluate alternative suppliers of ethical and environmental practices analysis, we ask you to answer the questions below. These questions deal with the supplier of the analysis, the analysis itself and the price of the services performed. We also ask you to observe that the following applies:

- Applications to tender must be submitted in writing by 5.00 p.m. on 23 September 2002 (Central European Time) at the latest.
- Applications submitted as part of this tender procedure must be binding at least until 23 December 2002.
- The circumstances that will be assigned importance in evaluating the applications are stated below.



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3. Supplier's position and experience

3.1. Please provide the following information:

- a. Certificate of registration with the registrar of companies or equivalent.
- b. Certificate showing that prescribed taxes and fees have been paid.
- c. Further certification that the applicant is not in bankruptcy, liquidation or the like and is not the subject of a petition for bankruptcy, liquidation or the like.
- d. The latest available annual report.

3.2. How long has the company worked in this sector?

3.3. How large are its annual sales of this service (and any similar services)?

3.4. How are these sales allocated among different client categories? (Mutual fund managers, pension managers, research foundations etc.)

3.5. How many analysts professionals do you have as employees in your own operations, and how many analysts do you have access to via your business partners?

4. AP3's requirement for ethical and environmental practices analysis

AP3 intends to implement its ethical and environmental policy mainly through engagement. The supplier must therefore have well-developed processes for handling the dialogue with the companies being analysed. Documented experience of active shareholder governance on environmental and ethical issues is also required.

Since Swedish companies are the focus of AP3's corporate governance policy, the supplier's analysis must have a good coverage of Swedish listed companies (equivalent to at least 80 per cent of overall market capitalisation at Stockholmsbörsen).

It is an advantage if the supplier can also offer (via international business partners or under its own auspices) analysis of companies in other equities markets that AP3 invests in; Europe, the United States, Japan and Asia Pacific (South Korea, Hong Kong, Singapore, Australia and New Zealand).

4.1. Describe what share of market cap you can provide analysis of (under your own auspices or together with business partners) in the markets that AP3 invests in.

4.2. Describe your processes for dialogue with companies (engagement).



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4.3. Describe what experience you have of active shareholder governance in environmental and ethical practices analysis.

4.4. Enclose two examples of company analyses. If possible, these analyses should cover Atlas Copco and Skanska.

4.5. Describe what role international conventions play in your analytical methods.

Replies to the above questions (Section 4: AP3's requirements for ethical and environmental practices analysis – excluding question 2) may not exceed 3,000 characters.

5. Prices

AP3 intends to sign a one-year contract for ethical and environmental practices analysis. The ability to extend this contract by an additional year is desirable.

What is your price for: (Please state both fixed and variable cost. If invoicing by the hour varies according to the number of hours invoiced, please state in what way.)

- 5.1 Access to your analyses of Swedish listed companies alone (Fixed cost and variable costs)
- 5.2. Access to your analyses of Swedish and international companies (according to the coverage you stated under Point 4).
- 5.3. Access to your analysts (by telephone, e-mail or personal meeting) concerning specific issues.
- 5.4. An annual review of all the Swedish companies that AP3 invests in (about 70), resulting in 5-10 suggestions for companies with which you recommend AP3 should initiate an engagement process concerning environmental and ethical issues.
 - 5.4.1. Analytical support for pursuing a dialogue with 5-10 companies per year concerning environmental and ethical issues, including letter-writing and joint personal meetings with the companies.
- 5.5. A package solution covering points 5.2.-5.4.
- 5.6. Access to individual company analyses alone (with AP3 ordering a certain number of reports per year). If possible, please state the price of a package of different sizes, for example ten reports annually or 20 reports annually. If your pricing is different for Swedish and international companies, respectively, please state this.
- 5.7. Please all the above prices in case of a one-year contract extension.



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6. Circumstances that will assigned importance in evaluating the applications.

The points below are the ones that will be assigned importance in evaluating the tender applications received. These points are arranged in descending order of priority.

Of greatest importance is that the analysis is of high quality, according to the documentation under point 4. Likewise, coverage of the companies that AP3 invests in is extremely important.

- 6.1. The supplier's processes for dialogue with companies are also a very important criterion.
- 6.2. The price of the service will also be assigned great importance.
- 6.3. Other issues will be assigned a certain importance.