

REQUEST FOR PROPOSAL

**THE PROCUREMENT OF AN ETHICAL AND ENVIRONMENTAL ANALYSIS
INCLUDING ADVICE**

FIRST AP-FUND (AP1) (dnr 2006:40 001.LED)

SECOND AP-FUND (AP2) (dnr AP2 2006/0022)

THIRD AP-FUND (AP3) (dnr 2006/1053)

FOURTH AP-FUND (AP4) (dnr 2006/0074)

1. BACKGROUND	3
2. THE PROCUREMENT	3
2.1 Assignment	3
2.2 The Funds joint relationship in connection with the procurement	4
2.3 A tender in sections	4
2.4 Procurement Form	4
2.5 Time line for procurement	5
2.6 Evaluation Procedure	5
3. ADMINISTRATIVE CONDITIONS AND REQUIREMENTS	5
3.1 Submission date for tenders	5
3.2 Address	5
3.3 Notice of tender and confidentiality	6
3.4 Tender Form	6
3.5 Signatures	6
3.6 Validity	6
3.7 Questions and Information	6
4. SUPPLIERS STANDING AND EXPERIENCE	7
4.1 Certification regarding corporate registration, business register or corresponding register	7
4.2 Certification that evidences that prescribed taxes and fees are paid	7
4.3 Certification showing that the bidder is not in bankruptcy, liquidation or insolvency procedure, forced liquidation or any other similar procedure	7
4.4 Most recent annual report	7
4.5 Information regarding the length of time the company has been in the business	7
4.6 Information if the bidder has joined the UNEP's Principles for Responsible Investments	7
4.7 Information regarding how large the bidders' turnover is for different services	7
4.8 Information about any other operation and turnover	7
4.9 Information regarding which countries the bidder is represented in with its own staff (please give the number of co-workers per country)	7
4.10. Please provide a short description of the analysts' capability and experience	7
4.11 Information about customers	7
4.12 Information regarding the company's main owners and partners	7
5. THE FUNDS' REQUIREMENTS FOR ETHICAL AND ENVIRONMENTAL ANALYSIS	8
5.1 Convention Watch	8
5.2. Corporate Analysis	8
5.3 Advice and support via an active dialog with target companies	9
6. PRICE	9
6.1 Price for different services	9
7. TENDER EVALUATION	10

1. BACKGROUND

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

The First to Fourth AP Funds (AP1-AP4) are regulated by the Swedish national Pension Funds Act (2000:192). 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.

Consideration shall be given to ethics and the environment without compromising the overall goal of attaining a high return.

Each Fund is managing well-diversified Swedish and global portfolios comprised mainly of equities and fixed income instruments. For more detailed information regarding the Funds please log-on to the Funds individual websites (First AP-fund, www.ap1.se, Second AP-fund, www.ap2.se, Third AP-fund www.ap3.se, Fourth AP-fund, and www.ap4.se).

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 ethics and the environment without compromising the overall goal of attaining a high return.

Every Fund has formulated an ethical and environmental policy. The common thread is that the Swedish Government's ethical policies the way they are expressed through international conventions that the Swedish State has signed, constitutes the basis for the respective Funds ethical and environmental policy.

Implementation of the respective policies may differ between the Funds (please see the respective Funds websites for further details).

The following are included in the Funds work procedures:

- 1) Systematic monitoring of violations of international conventions: all of the Funds holdings are reviewed to identify companies that can be associated with violation of international conventions.

- 2) Corporate analysis with focus placed on the ethical and environmental issues.
- 3) Advice and support via dialogue with companies with questions regarding ethical and environmental issues.

The Funds invest in Swedish and global portfolios that contain more than 5000 securities. The Funds work procedure for ethical and environmental screening has therefore to be simple to administrate.

The Funds intend to sign frame agreements for the ethical and environmental analysis including advice for the Swedish and global asset management for a 3 year period with the possibility for every fund to extend the frame agreement for one year. Services will be called off during the frame agreement as needs arise. The Funds cannot guarantee a minimum volume of services needed. To ensure the access to competence in every individual case, the Funds intend to sign with one to five suppliers, according to what each Fund considers appropriate in view of its needs.

Today, some of the Funds collaborate with individual consultants for certain limited issues. Where such collaboration exists, the Funds reserve the right to use these consultants even after the frame agreements are 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 partially coordinated procedure. Each fund has decided to procure an ethical and environmental analysis including advice. The Fourth AP- fund has on assignment by the First AP-fund, the Second AP-fund and the Third AP-fund advertised the procurement. The bid shall be submitted to all four funds by submitting a bid to the Fourth AP-fund, see section 3.1 (if you have any questions regarding the procurement please refer them to the Second AP-fund, see below). The procedure of evaluating the 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

The bidder does not need to bid for all services under sections 5.1-5.3. The Funds could sign frame agreements with bidders who only submit bids on one or two sections.

2.4 Procurement Form

The procurement will be carried out as a simplified procurement according to the Swedish law pertaining to public procurements (LOU) chapter 6 (1992:1528). When there is a simplified procurement the authorities have the possibility but not the obligation to engage in negotiations. The bidder shall bid as if the bid will not have the possibility to be negotiated.

2.5 Time line for procurement

The procurement will follow the time line below:

2006-06-21 The advertisement will be sent to the "Anbudsjournalen".

2006-09-08 Last day for the submission of bids.

2006-09-11 The submitted bids will be opened.

2006-10-16 The Funds award a bid (choose a supplier) and inform the other suppliers who have participated in the bidding process.
(approximate date)

2006-10-30 The agreement is signed by the respective funds.
(approximate date)

2.6 Evaluation Procedure

The bidders who on the basis of the evaluation criteria (section 6) and, in addition, give the most economically advantageous tender will take part in the frame agreement. Each Fund will sign one to five frame agreements, see point 2.1 above. The evaluation procedure will proceed according to the following:

The evaluation of the tenders will start with the review of the fulfillment of the requirements in the request for proposal which is marked "**MUST**" (sections 3-4). Tenders that do not have all of the **MUST** requirements fulfilled will not be part of the Funds' evaluation procedure. Thereafter the rest of the tenders will be evaluated according to the evaluation criteria in section 7.

Section 5 contains a number of **SHOULD HAVE** requirements and section 6 contains a number of **MUST HAVE** requirements in connection with the evaluation criteria. Fulfillment of these requirements will be used when evaluating the tenders. In the cases where the "**SHOULD HAVE**" requirements are not answered in the tender, the authorities will interpret the tender as not fulfilling the said requirement.

3. ADMINISTRATIVE CONDITIONS AND REQUIREMENTS

3.1 Submission date for tenders

The tender **MUST** be submitted to the Fourth AP-fund no later than September 8, 2006. The bidder is responsible for the bid arriving on time. The funds cannot accept bids that are not submitted on time.

3.2 Address

Fourth AP-funds mailing address:

Fourth AP-fund
Box 3069
103 61 Stockholm, Sweden

The tenders can be delivered personally or by courier to the following address in Stockholm:

Weekdays from 8:00 a.m.-4:00 p.m. at Sveavägen 25, 7th. fl.

Tenders cannot be accepted via fax or e-mail because confidentiality cannot be guaranteed.

3.3 Notice of tender and confidentiality

In order for the Funds to maintain confidentiality, the tenders must be submitted anonymously (without the company's name or insignia on the envelope) and the envelope should be labeled "Dnr 2006/0074".

The bidder shall give notice as to any confidential information in the tender.

3.4 Tender Form

The tender **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 Proposal.

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

The tender **MUST** be submitted in its original form along with seven (7) copies.

3.5 Signatures

The tender **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 bidder. 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 bidders company regarding questions concerning the tender.

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

3.6 Validity

The tender **SHALL** be valid until February 28, 2007.

3.7 Questions and Information

Any questions regarding the procurement and the Request for Proposal shall be put forth, in writing, to the following e-mail address: carl.rosen@ap2.se with the reference "dnr AP22006/0022, Procurement of ethical and environmental analysis including advice". The answers to certain questions that are relevant to all suppliers will be posted on Second AP-fund's website, www.ap2.se. Please be informed that questions that are submitted later than August 30th 2006 may be difficult to answer due to the time line of the procurement.

4. SUPPLIERS STANDING AND EXPERIENCE

4.1 Certification regarding corporate registration, business register or corresponding register

4.2 Certification that evidences that prescribed taxes and fees are paid

4.3 Certification showing that the bidder is not in bankruptcy, liquidation or insolvency procedure, forced liquidation or any other similar procedure

4.4 Most recent annual report

4.5 Information regarding the length of time the company has been in the business

4.6 Information if the bidder has joined the UNEP's Principles for Responsible Investments

4.7 Information regarding how large the bidders' turnover is for different services

4.7.1 Systematic monitoring of violations of international conventions in order to identify companies that can be associated with violations of international conventions.

4.7.2 Corporate analysis with focus on ethical and environmental issues.

4.7.3 Advice and support via dialogue with companies regarding ethical and environmental issues.

4.8 Information about any other operation and turnover

4.9 Information regarding which countries the bidder is represented in with its own staff (please give the number of co-workers per country)

4.9.1 Please state how many of the bidders analysts can communicate in Swedish.

4.10. Please provide a short description of the analysts' capability and experience

4.11 Information about customers

4.11.1 Who are your customers and how long have they been your customers?

4.11.2. Please indicate which customers are comparable with the Funds in terms of portfolio size, guide lines, are work method. Please provide references for possible contact.

4.12 Information regarding the company's main owners and partners

4.12.1 Please indicate if the company is part of a network and describe how the collaboration works.

5. THE FUNDS' REQUIREMENTS FOR ETHICAL AND ENVIRONMENTAL ANALYSIS

The Funds are interested in choosing different services from the suppliers' range of services without binding itself to purchase all of the suppliers' services. The bidder **MUST** answer the following questions below.

5.1 Convention Watch

- 5.1.1. Which companies do you provide analytical services for?
Please state all of the regions in the world that are covered.
How do you choose which companies to analyze?
Do you analyze institutions other than companies (for example, governments and/or other borrowers)?
- 5.1.2. Which laws and international conventions etc. are adhered to in the analysis?
How do you prioritize and rank the laws and international conventions?
- 5.1.3. Please describe the criteria used in the analysis and how they are used.
- 5.1.4. What sources do you use in your analysis?
How are the sources chosen?
How are the sources evaluated after they are chosen?
How do you guarantee the accuracy of the information received from the source?
- 5.1.5. How do you determine the level of importance of each source? Are the sources ranked in a particular manner and if so how?
- 5.1.6. Please state if both negative and positive factors are analyzed
- 5.1.7. In which way does the evaluated company have the possibility to influence the assessment?
- 5.1.8. Do you use the same assessment method for companies in different parts of the world? If so, please describe how the analysis differs between regions.
- 5.1.9. How often is the analysis updated and what constitutes the basis for the updating?
- 5.1.10. How do you present the results of the analysis?
- 5.1.11. How do you justify the assessment in each individual case?
- 5.1.12. Do you monitor other criteria than conventions?
Is it possible to change the scope of the analysis over time?
- 5.1.13. How do you deliver the results of your analysis? (printed format, electronic format, etc.)? Please attach an example.

5.2. Corporate Analysis

- 5.2.1 Which areas are covered in the analysis?
- 5.2.2 Are all of the regions in the world covered?
- 5.2.3 To what extent are the Swedish corporations covered?
- 5.2.4 How do you choose which companies to analyze?
- 5.2.5 How does the analysis take place?
- 5.2.6 How do you present the results of your analysis? Please attach an example.

5.3 Advice and support via an active dialog with target companies

In what way do you support your clients in their shareholder engagement process:

- 5.3.1 Does the bidder create an active dialog with the company himself?
- 5.3.2 Do you screen proxy statements in international shareholder meetings?
- 5.3.3 Do you assist clients in filing resolutions at international shareholder meetings?
- 5.3.4 Do you assist clients as a sounding board for individual questions?
- 5.3.5 Do you assist clients as support in discussions with companies?
- 5.3.6 Do you assist clients by possibly suggesting other investors that work in the same manner and suggesting common measures?
- 5.3.7 Do you assist clients with ad-hoc analysis?
- 5.3.8 For which countries/ regions do you offer the above-mentioned services?

6. PRICE

The Funds intend to purchase frame agreements for ethical and environmental analysis including advice for a 3 year period with the possibility of a one-year extension. Every service can be called-off separately depending on the needs that arise. The Funds cannot guarantee any minimum volume of services needed and each Fund will have different needs.

6.1 Price for different services

The bidder **MUST** indicate the price for all services that the bidder can supply. Please indicate any one-time costs and on-going costs. If there are different alternatives in price, please indicate each one. Please also indicate the price for a possible one-year extension of the frame agreement. Please indicate any discount given if several Funds call off the same services.

- 6.1.1 Systematic monitoring of violations of international conventions: review of all of the respective Funds holdings in order to identify companies that can be associated with violations of international conventions.
- 6.1.2 Corporate analysis with respect to the ethical and environmental issues. Please indicate the cost per analysis and any discounts available when purchasing additional analyses. Please indicate the price of any standard reports that may be produced.
- 6.1.3 Advice and support via dialog with companies regarding ethical and environmental issues.
- 6.1.4 Costs for consultants per hour for ad-hoc assignments.
- 6.1.5 Other services

7. TENDER EVALUATION

The Funds will accept one to five (see section 2.1) tenders. The following criteria will be given great importance during the evaluation of the bids. The sections are ranked in order of importance with the sections of the highest importance given priority.

- The most important criteria will be quality of the analysis (according to task in sections 4.10, 5.1.2-5.1.7, 5.1.9 and 5.2.1-5.2.5 including section 5.3), the suppliers possibility to assist the Funds in all parts of the procurement comprised of (section 5) and the ability of the bidder to cover all the shares that the Funds have opportunity to invest in (section 5.1.1.).
- The price for services (section 6), geographical proximity to the Funds (section 4.9) and the capacity to communicate in Swedish (section 4.9.1) is also of utmost importance.
- Simplicity, clarity and flexibility are also very important criteria.
- The remaining questions (sections 4.1-4.8, 4.11-4-12 and 5-1-8) will be given certain importance.