

INVITATION TO TENDER

for the provision of

Voting and engagement services

on behalf of

**The London Pensions Fund Authority
(LPFA)**

January 2011

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**PLEASE READ THIS DOCUMENT VERY CAREFULLY AS
AN INCOMPLETE UNDERSTANDING MAY RESULT IN
YOU MAKING AN INVALID TENDER**

25th January 2011

**Re: Invitation to tender for the provision of voting and
engagement services to the London Pensions Fund Authority**

Introduction

The London Pensions Fund Authority (LPFA) is inviting tenders for an **integrated voting and engagement service** for its listed equity assets.

The tender submission deadline is **midday** (1200hrs GMT) **Tuesday 15th February 2011**. Tenders shall be in English.

Tenderers may submit questions, in writing, at any time up to **Wednesday 9th February**. All queries and LPFA responses will be put in writing and circulated to all those tendering for this contract.

If it is necessary to extend the period during which the tender remains open, the LPFA will communicate this to tendering organisations via the LPFA's website at the following URL: <http://www.lpfa.org.uk/>
N.B. Please check this site regularly in case of updates.

Presentations to the LPFA

You might be required to make a presentation of your proposed services at the LPFA's office in London (at the address for tender submissions) on the morning of **Thursday 3rd March 2011**. Tenderers should indicate in their submission whether they are available on this date.

Evaluation criteria

Tenders will be evaluated on overall **quality** and **cost**, using the specific requirements set out in **Schedule 4**.

Other points to note:

- The LPFA will only evaluate tenders received by the time and date given for return of tenders
- The LPFA will not consider any claim made by a service provider who has been awarded all or part of this contract for additional payment on the grounds of any purported inadequacy as to the information provided by the LPFA during the tender period or during negotiations. Therefore the tendering organisation should ensure that they ask the LPFA whatever questions required and ask the LPFA to provide whatever information they need in order to satisfy themselves that the tender and bid prices are sufficient
- The LPFA shall provide no undertaking to accept all or any part of the tender and reserves the right to obtain its total requirements from one or more tenderers at the prices tendered or as otherwise agreed in negotiations. Further, notwithstanding that each tenderer is required to meet certain criteria (as detailed in this ITT) the LPFA may accept or reject, solely at its own discretion, any tender whether or not such tender meets the said criteria. The LPFA may withdraw from the tender process at any time.
- The LPFA will notify each tenderer of the award, or non-award, of the contract. The successful tenderer(s) will be required to enter into a formal written agreement as may be negotiated between the tenderer(s) and the LPFA.
- Should a decision be taken to proceed with the services described in this ITT, the contract will commence at a date to be determined by the LPFA, but within 6 (six) months of the tender submission deadline. During this period tenders and the prices within shall remain open for acceptance.

The LPFA looks forward to receiving your tender.

Yours sincerely,
The LPFA Investment Team

SCHEDULE 1 – COMPLETING AND RETURNING THE TENDER

If your organisation decides to make a tender, it must be done in accordance with this ITT document. Please ensure that this document is read carefully and that responses are made fully to the questions and/or issues raised; that all parts of the tender are completed and that all information requested is provided.

The LPFA believes that the information contained in this document is sufficient for the tenderer to submit a tender. If tendering organisations feel that the information is inadequate or insufficient or incorrect in any way or if you have any queries concerning this invitation to tender or require any further clarification please put your request in writing and send it by email to: Aled Jones at aled.jones@lpfa.org.uk

A **Tender Requirements Checklist** is included in **Appendix 1** listing the main questions and other documentation that is required. However, this is only a guide and tenderers must still ensure they have read and fully understood all parts of this ITT.

The tender package shall be delivered to the LPFA **before midday** (1200hrs GMT) on **Tuesday 15th February 2011** and should consist of the following:

Requirement	Number of copies
Full printed copy of the tender	1
Literature and additional information	1
Tender and supporting documentation in electronic format (CD, memory stick etc.)	1
LPFA Procurement Questionnaire & supporting documentation	1

The envelope containing the tender documentation detailed above must bear no indication of the tenderers company or trading name.

No tender shall be opened before the date and time set for opening of tenders. All information in tenders will be kept confidential and will only be shown to those persons who have a right to see it.

Late tenders will not be considered as part of the tender assessment and will remain unopened. Incomplete tenders will not be considered.

A soft copy of the tender document shall be sent by email between **1200hrs (GMT)** and **1700hrs** on the same date to Aled Jones at aled.jones@lpfa.org.uk

In **all** cases the tender envelope must be submitted by the date and time detailed above to:

Aled Jones
Investment Manager – ESG
London Pensions Fund Authority
Dexter House
2 Royal Mint Court
London
EC3N 4LP
U.K.

Presentations to the LPFA

You might be required to make a presentation of your proposed services at the LPFA's office in London (at the address for tender submissions) on the morning of **Thursday 3rd March 2011**.

Successful tenderers – i.e. those required to make a presentation to the LPFA – will be informed as soon as possible after the tender submission deadline. Unsuccessful tenderers will also be informed at this time.

SCHEDULE 2 – DEFINITION OF TERMS & ACRONYMS

The following terms and acronyms are used in this Invitation to Tender (ITT):

Term	Definition
CDP	The Carbon Disclosure Project is a global initiative focused on improving the information available to investors regarding corporate greenhouse gas emissions and their strategies to address climate change. The LPFA is a member of this organisation.
Contractor	The Tenderer to whom the contract is awarded
Custodian	J.P. Morgan Europe Limited Worldwide Securities Services 60 Victoria Embankment London EC4Y 0JP
Customer	London Pensions Fund Authority (LPFA) Dexter House 2 Royal Mint Court London EC3N 4LP
ESG	Environmental, social and corporate governance issues
Fund	the LPFA pension fund
IIGCC	The Institutional Investors Group on Climate Change is a collaborative forum that brings European investors together to use their collective influence to engage policymakers, investors and companies in order to accelerate the shift to a low carbon economy. The LPFA is a member of this organisation.

LAPFF	The Local Authority Pension Fund Forum – a membership body for LGPS funds focused on promoting the investment interests of local authority pension funds, with a particular focus on shareholder activism and ESG best practice. The LPFA is a member of this organisation.
LGPS	The Local Government Pension Scheme, of which the LPFA is a constituent, is one of the largest public sector pension schemes in the UK
RI	Responsible investment
SIP	Statement of Investment Principles, published and amended from time to time by the Customer
Stewardship Code	UK good practice guidance published by the Financial Reporting Council in July 2010 that aims to enhance the quality of engagement between institutional investors and companies
Submission Date	The date by which Tenderers must submit their Tenders. In this instance the submission date is midday (1200 hrs GMT) Tuesday 15th February 2011
Tender	Each offer to supply voting and engagement services in accordance with the Invitation to Tender Terms on the Tender Form
Tenderer	A person or body corporate who submits a Tender.
UKSIF	The UK Sustainable Investment and Finance association – the membership network for UK-based supporters and practitioners of responsible and sustainable investment and finance. The LPFA is a member of this network.
UN PRI	United Nations Principles for Responsible Investment. Published in 2006 the UN PRI encourages investors to incorporate ESG issues into investment decision-making processes. The LPFA is a signatory.

SCHEDULE 3 – BACKGROUND INFORMATION TO THE TENDER

1.1. INTRODUCTION

The LPFA is seeking a service provider to undertake the provision of an integrated voting and engagement service for its listed equity assets.

If the LPFA is satisfied that its requirements can be met in terms of quality and at a reasonable cost a contract will be awarded for 2 years, at which point the service will be reviewed.

The LPFA is a UN PRI signatory and, when searching for investment and related, services it favours organisations that are also UN PRI signatories.

1.2. LPFA OVERVIEW

1.2.1. History

The LPFA was established in 1989 as a stand-alone public body to take over the running of the former Greater London Council (GLC) Pension Fund. The LPFA is also a leading provider of pension administration for the Local Government Pension Scheme. For a more detailed history and overview please visit the LPFA website: www.lpfa.org.uk

The Board of the LPFA is appointed by and is accountable to the Mayor of London and the Greater London Assembly. The Board has a fiduciary duty to the Fund membership and the council taxpayers of Greater London.

The LPFA has been a signatory of the UN Principles for Responsible Investment since 2007 and is an active member of the Local Authority Pension Fund Forum. It also actively supports the Institutional Investors Group on Climate Change, the Carbon Disclosure Project and UKSIF, amongst others.

1.2.2. The Fund

As at December 31st 2010 the pension fund of the LPFA had assets of approximately £4 billion. All Fund values and holdings data quoted in this tender are based on this valuation date.

The LPFA's SIP provides a detailed overview of the Fund's structure, governance, investment strategy, objectives etc. The SIP also includes an overview of the LPFA's approach to responsible investment. It can be found in the publications section of the LPFA website:

<http://www.lpfa.org.uk/>.

1.2.3. The LPFA's asset allocation

The LPFA has a global asset allocation that is well diversified both within and across asset classes. Full details of the Fund's asset allocation can be found in our SIP and annual reports, which are available on the LPFA website.

The LPFA is seeking voting and engagement services for the Fund's listed global equity assets and specifically for its segregated equity mandates. These mandates account for approximately 25% of our total assets, around £1 billion, and are managed by three external fund managers – **MFS, Newton and Blackrock**.

In aggregate the LPFA's segregated equity portfolio consists of approximately 300 stocks, across 31 different markets. **N.B.** Only 15% of the LPFA's equity holdings (by value) are in UK companies.

The LPFA has a number of pooled equity mandates in which it is generally not feasible for us to vote the underlying holdings. On a limited basis the LPFA can split the vote (i.e. vote the underlying holdings). If tenderers have experience of dealing with split voting arrangements elsewhere please provide details in your tender submission. The LPFA's main pooled equity manager is **Legal & General**.

1.3. THE LPFA'S APPROACH TO RESPONSIBLE INVESTMENT

The LPFA's overriding aim is to be a responsible long-term investor. It is guided in its responsible investment activities by Fund's main objective and beliefs:

RI Objective: It is the LPFA's objective to use its influence as a large institutional investor to encourage responsible long-term investment behaviour. In particular we aim to support and develop best practice on ESG issues in the companies in which we invest, through the mandates we give to our fund managers and by collaborating with other like-minded investors. As set out in our investment principles the LPFA Board believes that this approach will deliver the best long term returns.

In coming to this view the Board is mindful of its fiduciary duty to obtain the best possible financial return on the Fund's investments within a suitable degree of risk, but believes that a focus on ESG issues is entirely consistent with this duty.

RI Beliefs: In the same way that our main investment beliefs help us to make long term decisions about an uncertain future – for example, how much to invest in each asset class – a set of 'RI Beliefs' provides us with a guiding framework for decision-making on RI and ESG issues.

These beliefs help us to articulate why we are focusing on ESG issues alongside other common factors in the investment process. They are as follows:

- ESG issues are often not captured by the traditional investment appraisal process (i.e. in determining risk and return expectations) but can have a material impact on long term investment returns
- ESG issues are not relevant to every asset class or mandate but where they are, evaluating ESG portfolio risks is a prudent addition to the long-term investor's investment process and is aligned with fiduciary duties
- ESG issues can create attractive investment opportunities across asset classes and investment styles
- A proactive approach to evaluating ESG risks and opportunities is more likely to result in long-term benefits for the fund

The long-term challenge for the LPFA is putting these beliefs into practice. This tender will assist us in resolving one of the many steps needed in this process – ensuring that our voting and engagement activities are conducted in a consistent manner and aligned with the Fund's interests. Ultimately we expect these activities to add value to the Fund over the long-term.

For more information on the LPFA's approach to RI please refer to the Responsible Investment page on our website: <http://www.lpfa.org.uk/>

1.4. SCOPE OF THE SERVICES

To fulfil its RI Objective the LPFA operates at the following levels:

- A. **The Market:** The LPFA supports the development of principles and policies that move all market participants towards a more responsible approach to long-term investment. This is most effectively achieved through collective efforts with other pension funds and like-minded investors. The LPFA is an active member of groups including the Local Authority Pension Fund Forum, the National Association of Pension Funds and the Institutional Investors Group on Climate Change.

- B. **Fund managers:** The LPFA's assets are managed by external fund managers. As a result they are our most important 'engagement target'. It is our responsibility to ensure that each manager understands the Fund's expectations on responsible long-term investment and include these in our governance documents (such as the Fund's SIP) and, where appropriate, in investment mandates.

- C. **Companies:** The LPFA is an owner of companies through its global equity holdings. Our direct influence at this level is the most limited for the following reasons. Firstly, our equity holdings are globally diversified and, in absolute terms, represent minority stakes in the companies we own shares in. Secondly, as our assets are managed by third party fund managers we are physically far removed from our portfolio companies. Maintaining a direct relationship with the many hundreds of companies that we own shares in is therefore not feasible. In most cases our fund managers are responsible for this relationship, hence the importance of the monitoring described above. Only in rare cases will we have conversations directly with the managers of the companies we invest in, and in these cases it will be via collaborative efforts.

The services we are seeking through this tender relate to the last level. However, in delivering the services there will be some interaction with our fund managers i.e. communicating voting and engagement activities to the relevant manager. Other activities – supporting the development of principles and policies & fund manager monitoring – will remain the responsibility of the LPFA.

SCHEDULE 4 – SPECIFIC TENDER REQUIREMENTS

Tendering organisations should read this section very carefully as it includes specific details of the LPFA’s expectations regarding the services sought, including questions that need to be answered in all tender submissions.

1.4. EXPECTATIONS OF SERVICE PROVIDERS

The LPFA will make its decision based on the overall quality and cost of the services tendered. In terms of specific criteria the LPFA is looking for the following:

- Integrated voting and engagement service
- Full coverage of the LPFA’s equity universe
- Ability to communicate directly with our fund managers
- Scale and influence
- Evaluation of impact
- Sufficient breadth and depth of ESG expertise
- Full reporting
- Audit trails
- Interaction with the Board of the LPFA

1.4.1. Integrated voting and engagement service

Tenderers must be able to conduct both voting and engagement (with engagement covering voting-related as well as wider ESG issues). Research-only or voting-only services will not be considered.

1.4.2. Full coverage of the LPFA’s equity universe

The LPFA’s benchmark for its segregated equity mandates is the **MSCI All Country World**.

For voting, the LPFA requires 100% coverage (or the ability to provide 100% coverage) of this index. For ESG engagement, tenderers should be able to demonstrate broad coverage of this index. See **Section 1.5.2.2** (below) for details of the data required.

1.4.3. Ability to communicate directly with our fund managers

The LPFA’s external fund managers must be kept informed of all voting and engagement activities that relate to the portfolios they

manage on our behalf. The LPFA's segregated equity fund managers are: **MFS, Newton** and **Blackrock**.

Voting instructions must be available in real-time. Engagement details are generally less time-sensitive so can be communicated less frequently, but managers must still be fully informed of activities that relate to their individual portfolios.

Maintaining this link is vital – tenderers should provide details of how they would do this. It may also be necessary to communicate engagement activities to managers of our pooled equity mandates where these managers hold the same stocks – our main pooled equity mandate is with **Legal & General** using the **FTSE All World** benchmark. Tenderers should also indicate how they would make engagement information available to this manager.

1.4.4. Scale and influence

Tenderers should demonstrate that they are able to influence companies positively on ESG best practice. Tenderers should use examples to show when and why they were successful, and highlight instances where (and why) they were unsuccessful.

1.4.5. Evaluation of impact

The LPFA recognises the difficulty in assigning specific outcomes to engagement activities. Nonetheless, tenderers should be able to demonstrate how they identify the long-term benefits of their voting and engagement activities to clients. Examples of internal systems and procedures should be provided where possible, however simplistic.

1.4.6. Sufficient breadth and depth of ESG expertise

Tenderers need to have both breadth and depth of ESG expertise. Breadth is necessary to conduct analysis of the LPFA's global portfolio to identify (a) areas of ESG risk and (b) issues and companies for engagement and monitoring etc. Depth is necessary for tenderers to carry out further research and actual company engagement e.g. on those areas that are deemed to be of greatest material risk to the LPFA's portfolio.

The LPFA has for a number of years actively supported initiatives that relate to climate change, for example the IIGCC and CDP. We are keen to address other areas where there is a case for action.

The successful tenderer will be able to assist us in identifying these issues as well as in the delivery of engagement activities related to them.

1.4.7. Full reporting

All voting, engagement and related activity conducted on the LPFA's behalf will need to be reported in full on a regular basis. Our preference is for web-based reporting where possible. As already highlighted, this information also needs to be provided to our fund managers.

Tenderers should provide a summary of the type, format and frequency of reporting they can provide.

1.4.8. Audit Trails

Accountability is an essential part of the services the LPFA is seeking. In addition to the reporting requirements highlighted above, the LPFA expects tenderers to have adequate systems in place to capture all significant steps in the voting and engagement process, for example in order to satisfy auditors should this be requested. Where relevant, tenderers should include excerpts from AAF/SAS70 reports to demonstrate that these processes have been checked.

In particular the LPFA is concerned about the lack of effective audit trails to enable beneficial owners to know whether a vote cast is actually received by the issuing company. We are aware of the complexities and weaknesses inherent in the voting system that make this difficult. Nonetheless, the successful tenderer will be required to conduct checks against votes cast. Tenderers are asked to explain how they would go about doing this.

1.4.9. Interaction with the Board of the LPFA

All of the LPFA's providers of investment services are subject to the Fund's review and monitoring process. Contractors will be required to attend regular meetings (at least twice a year) with the investment team and its advisers on this basis. Contractors will also be required to present to the Board or its Committees (e.g. the Investment Committee) as necessary.

1.5. ABOUT YOUR ORGANISATION

In responding to this section of the tender please be as concise as possible. Unless specifically asked for, if you are including supporting documents (e.g. company policies) please ensure that you reference specific sections that are relevant to this tender and/or the point you are trying to highlight.

1.5.1. OPERATIONS

Please provide summary details of the team or department that provides voting and engagement services at your organisation. Provide all information that you deem to be relevant, including the following:

- Size of team; Individual roles / job titles; Years of relevant experience; Specific areas of (ESG) expertise within the team
- The universe of companies covered by your voting and engagement services – by number and relevant market indices
- Organisation chart(s) setting out: a) the structure of the ESG team/department, and b) the overall structure of the organisation (i.e. including executive management, board members, advisers, parent company etc.) indicating where the ESG team/department fits in
- The number of clients that you provide voting and engagement services to, indicating geographic breakdown and the proportion that are pension funds
- The amount of *relevant* assets represented by these clients i.e. the assets to which your services are applied – **not** the total assets under management of your clients
- The length of time your organisation has been providing these services
- Your client servicing and support arrangements
- Whether your organisation is a signatory to the UN PRI and, if so, your scoring history
- Details of any relevant memberships e.g. UN PRI, UKSIF, IIGCC etc.

1.5.2. ESG STRATEGY, POLICY & DELIVERY

1.5.2.1. ESG Strategy

Please answer the following questions in no more than 500 words (for both):

- What is your organisation's strategy for the provision of ESG services e.g. what drives it, why you think it is relevant to investment decision-making and what makes your approach unique? etc.
- Looking ahead – e.g. over the next 5 years – what will drive (or constrain) shareholder engagement and why? What are the key issues and challenges for beneficial owners – in particular pension funds – in addressing their responsible investment and stewardship duties? What particular challenges exist for global investors?

1.5.2.2. ESG Policy & Delivery

Please summarise your processes for voting and ESG engagement.

For voting: Provide all information that you deem to be relevant, including the following:

- Which proxy voting platform you use [**N.B.** The LPFA's Custodian uses the Broadridge proxy platform]
- The research process e.g. is it 100% internal or do you use external research/recommendations etc.?
- The decision-making process e.g. when and how you contact companies; whether, how and why you consult with other parts of your organisation (e.g. fund managers, advisers) etc.
- How you identify and manage standard vs contentious voting decisions; what the typical split between standard and contentious votes is
- What, if any, post-meeting follow-up activities you conduct – especially if you have voted against management
- How you provide full reporting of your voting (and related) activities to clients
- Please also include your main voting policy. If you have policies for individual markets please also include these. Tenderers should also indicate how frequently these policies are reviewed and refreshed.

Please also provide the following **voting data** for each of the last three years (i.e. 2008-2010):

- Total number of votes cast – split by number of meetings, number of resolutions, and by geography/market
- Total number of votes against management and (separately) abstentions – in absolute and percentage terms

For engagement: Provide all information that you deem to be relevant, including the following:

- How you narrow your focus on specific issues, sectors and companies – including how you identify that an issue is of material or potentially material significance
- How you set engagement objectives, and how you know when these have been reached (i.e. how do you judge success or failure?)
- How you allocate engagement priorities within your team/department; when this planning is conducted and how you incorporate the needs of new clients into your existing activities
- The extent to which you use external ESG research/data providers and (where relevant) which organisations you use
- The methods you use to engage with companies
- How you deal with hostility/lack of interest from company management or other shareholders;
- How you deal with the global dimensions of engagement i.e. gaining access to ex-UK companies, cross-cultural communication issues etc.
- How you provide full reporting of your engagement activities to clients
- Please also include your engagement policy. Tenderers should also indicate how frequently these policies are reviewed and refreshed.

Please also provide the following **engagement data** for each of the last three years (i.e. 2008-2010):

- How many companies on the **MSCI AC World** index did you engage with – by total number of companies and percentage of the index?
- On which ESG issues did you engage these companies? Please use high level figures (e.g. 20% environment, 30% governance etc.)
- List examples where your efforts (either alone or in collaboration) were particularly successful

1.6. TENDER PRICING

The LPFA is looking for an integrated voting and engagement service for its segregated global equity assets. At 31st December 2010 these assets were approximately £1 billion, and consisted of 300 stocks across three separate mandates. The specific requirements of the services are provided above.

If the LPFA is satisfied that its requirements can be met a contract will be awarded for 2 years, at which point the service will be reviewed.

Tenderers are asked to quote an annual fee for the services being sought, explaining clearly how this fee was calculated.

SCHEDULE 5 – GENERAL TENDER REQUIREMENTS

1.7. Corporate actions

Tenderers should provide details on imminent take-overs, reorganisations, staff movements/rationalisation, planned changes to the core business, planned changes to the computer environment or its support and any other information which may impact the delivery of the services.

1.8. Preparation of Tender

It is the tendering organisation's responsibility to ensure they are fully informed and satisfied by their own observations and enquiries as to the nature, extent and scope of the work that would be required if awarded the contract.

The tendering organisation shall be entirely responsible for any and all costs incurred in connection with the preparation and submission of the tender and of undertaking any tests, demonstrations or meetings as part of the negotiations.

The LPFA requires all tendering organisations to ensure that they are in a position to perform their obligations under the agreement should they be awarded the contract.

1.9. Equality & Diversity

The LPFA values the diverse nature of its staff and of those who use its services. It ensures that this is reflected in all its policies, practices, contracts and services.

The LPFA aims, in relation to its contracts and procurement processes, to seek to only do business with contractors and partners who comply with all their statutory responsibilities with regard to equalities, and can demonstrate that they are actively seeking to address equality of opportunity issues in their own workforce through their approach to recruitment, training and promotion.

In addition, all parties contracting with LPFA should be willing to provide, annually, detailed workforce statistics relating to ethnicity, age, gender and disability of employees. This is to ensure that contractors are not merely paying lip service to equality of opportunity but in fact are reflecting their commitment in their human resources practices.

You will be contacted annually for this monitoring information – using the **LPFA Procurement questionnaire** in **Appendix 2** – and, should LPFA notice a significant abnormality or inequality, a suitable explanation will be sought.

1.10. Inducements to purchase

The Contractor/Tenderer shall not offer to the LPFA or its representatives as a variation of the conditions of the contract, or as an agreement collateral to it, any advantage other than a cash discount against the contract price.

1.11. Standard terms and conditions

Tenderers should include their standard contract terms and conditions with their bid.

1.12. References

The Tenderer should provide references for customers with requirements similar to those detailed in this document. The Tenderer should provide the full name and address, nature of business, point of contact and telephone number and URL of at least two existing clients.

No attempt will be made by LPFA to approach the referees provided without prior permission of the Tenderer.

APPENDIX 1 – TENDER REQUIREMENTS CHECKLIST

Returning the tender

1. Have you indicated your availability for an interview on Thursday 3rd March 2011 at the LPFA's office?
2. Are you clear on the tender submission conditions, deadline, tender package requirements etc.?

Expectations of service providers

3. Does your organisation provide a voting and engagement (including execution) service?
4. Can you provide voting execution for 100% of the MSCI AC World index?
5. Can you demonstrate broad coverage of the MSCI AC World index by your engagement activities?
6. Can you provide voting results in real time to the LPFA's fund managers? How do you propose to do this?
7. Can you provide details of engagement activities directly to the LPFA's fund managers? How do you propose to do this? Can you include the LPFA's pooled fund managers, where relevant?
8. Have you demonstrated (using examples) that you are able to influence companies positively on ESG best practice? Have you included examples of when you were not successful?
9. Do you attempt to identify the long-term benefits of your voting and engagement activities to clients? Have you included examples of internal systems and procedures?
10. Have you demonstrated sufficient breadth and depth of ESG expertise? Can your organisation assist the LPFA in identifying ESG priority issues as well as deliver the engagement activities related to them?

11. Can you provide regular reporting of all activities? Do you provide web-based reporting? Have you provided details of the type, format and frequency of reporting you can provide?
12. Do you have adequate systems in place to capture all significant steps in the voting and engagement process? Would this satisfy requests from auditors? Can you provide excerpts from AAF/SAS70 reports to demonstrate that these processes have been checked?
13. Are you able to conduct checks against votes cast each year - attempting to track them from owner to issuer?
14. Have you indicated your availability for regular review and monitoring meetings (at least two meetings per year)?

Operations

15. Have you provided summary information regarding the team or department that provides voting and engagement services, including the requested information in Section 1.5.1 in Schedule 4?

ESG Strategy

16. Have you answered the questions in no more than 500 words (for both questions)?

ESG Policy & Delivery

17. Have you summarised your voting process, including the requested information in Section 1.5.2.2 in Schedule 4?
18. Have you provided a copy of your voting policies?
19. Have you provided the annual voting data requested for the period 2008-2010?
20. Have you summarised your engagement process, including the requested information in Section 1.5.2.2 in Schedule 4?
21. Have you provided a copy of your engagement policy?

22. Have you provided the annual engagement data requested for the period 2008-2010?

Pricing

23. Have you provided a quote for the services? Have you clearly explained how you came to this figure ?

General Requirements

24. Have you highlighted any corporate actions or other relevant information ?
25. Have you completed the LPFA procurement questionnaire, including all relevant supplementary information (policies, data etc.) ?
26. Have you included your standard terms and conditions?
27. Have you provided details of (at least two) referees from your existing client base?

APPENDIX 2 - LPFA Procurement questionnaire for contractors

The following questions and description of evidence are derived from those prescribed by the Secretary of State under Section 18(5) of the Local Government Act 1988, modified as permitted by Order made under Section 19 of the Local Government Act 1999 [by Section 10 of the Local Government in Scotland Act 2003]

Your firm will be evaluated on health and safety at work, equalities in employment and environmental policies on the basis of your answers to these questions. LPFA strives for social and environmental best practice across all its activities and recognizes that the adoption of environmentally preferable business practices is an essential component for ensuring continual and sustainable business growth.

Please ensure that you answer every question. Please provide sufficient information to enable the Authority to make a fair and accurate assessment of how, as an employer, you have dealt with equality and environmental issues.

Suppliers should be willing to provide updates to their answers on an annual basis. Should LPFA notice a significant abnormality or inequality, a suitable explanation will be sought.

Equalities:

Supplier Name and Address Details:

Name	
Address	Payment Address (if different)
Post Code	
Tel No.	
Email	
Fax No.	

Workforce Details:

Number of employees:
Number of employees
a) Male
b) Female
Number of employees who are disabled:
Number of employees who are
a) White
b) Black / Black British

- c) Asian / Asian British
- d) Mixed
- e) Chinese / Other

1 What is the size of your firm? Please state total number of

- a) Partners
- b) Employees (including all full-time and part-time employees, apprentices and other trainees)
- c) Managers
- d) Non-white managers

2. Is your firm part of a commercial group or a consortium? **Yes/No**

If so, which of your employment policies are determined by you, and which policies apply to all firms within the group or consortium?

3. In the last three years, has any finding of unlawful racial discrimination in the employment field been made against your organisation by the Employment Tribunal, the Employment Appeal Tribunal or any court, or in comparable proceedings in any other jurisdiction? **Yes/No**

If yes, please supply details below:

4. In the last three years has your organisation been the subject of a formal investigation by the Commission for Racial Equality or comparable bodies on the grounds of alleged unlawful discrimination in the employment field? **Yes/No**

If yes, please supply details below:

5. If the answer to question 3 is yes or, in relation to question 4 the Commission or comparable body made a finding adverse to your organisation, what steps have you taken as a result of that finding?

6. Please circle the appropriate answer below for question 6:

Is your equalities policy set out:

- a) In instructions to those concerned with recruitment, selection, remuneration, training and promotion?
- b) In documents available to employees, recognised trade unions or other representative groups of employees?
- c) In recruitment advertisements or other literature?

7a. Please attach your Equal Opportunities policy.

Attached	Not Attached
<input type="checkbox"/>	<input type="checkbox"/>

b) Does it cover:

Gender	<input type="checkbox"/>	Race	<input type="checkbox"/>	Disability	<input type="checkbox"/>
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c) Have you included reference to more recent legislation on –:

i) Age	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
ii) Religion/belief	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
iii) Sexual orientation	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>

d) If you answered No to any of the above, please tell us about your plans to do so.

e) Do you treat acts of racial discrimination, harassment and victimisation as a disciplinary offence?

YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
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[Please include brief details of (e) and any supporting documentary evidence e.g. written instructions to employees].

8. Are your staff with managerial responsibilities required to receive training on equal opportunities? **Yes/No**

9. How do you communicate your Equal Opportunities Policy to your staff? (Please **tick** all relevant boxes).

Induction	<input type="checkbox"/>
Notice Board	<input type="checkbox"/>
Staff Meeting	<input type="checkbox"/>
Via Email	<input type="checkbox"/>
Other (please specify)	

10. When your firm recruits, how does it do so? (Please **tick** all relevant boxes)

Through friends or relatives of employees

Press

- National

- Local

- Specialist e.g. Professional, Minority etc

} [Please supply a copy of a job advertisement appropriate to the category(ies) ticked]

Job Centre

Careers Service

Other (please specify)

11. What training in Equal Opportunities is given to staff responsible for recruitment, selection and training? **[Please supply details below]**

12. How do you monitor whether your Equal Opportunities Policy is working in practice?

13. What action have you taken to attract under-represented groups? (Please supply details of groups identified and action taken.)

14. If you are not currently subject to UK legislation, please supply details of your experience in complying with equivalent legislation which in the relevant country is designed to eliminate discrimination and to promote equality of opportunity.

Health and Safety

15. Name of Director, Partner or other person responsible for the implementation of the company's safety policy

16. Do you employ a Safety Officer? *Yes/No. (If yes, please state their name)*
Name:

17. Please describe how your Health and Safety policies and procedures are conveyed to your workforce and are evident to your visitors.

18. How do employees receive induction or other training before commencing work tasks?

19. Please attach a copy of your company's policy on health and safety that should address services, specific issues and safe systems of work that will be operated in relation to this contract, and include example of completed risk assessment.

Attached Not attached

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20. Please give details of prosecutions or notices served on your company under the Health and Safety at Work Act 1974, or other health and safety legislation, or non-UK companies equivalent Health and Safety Legislation in your country. If none, write "none"

21. Please state whether you agree to allow LPFA officers access to your facilities in order to inspect those facilities and records that relate to this contract. *Yes/No*

