

**Invitation to Tender**

**to provide active Global Sustainable Equity Investment Management services to West Midlands Pension Fund**

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# SECTION 1: West Midlands PENSION fUND INVITATION TO TENDER – aCTIVE GLOBAL SUSTAINABLE EQUITY MANDATE framework

**BACKGROUND**

The City of Wolverhampton Council (CWC) as Administering Authority for the West Midlands Pension Fund (WMPF) is seeking invitations to tender from active global sustainable managers for the provision of investment management services.

WMPF is seeking to appoint providers to manage the active global sustainable equity mandate for the Fund. Whilst CWC is procuring services on behalf of WMPF, the procurement is being undertaken on the basis of providing a framework for other LGPS Administering Authorities with LGPS Central Pool and LGPS Central Ltd to be able to call off services under a framework agreement.

The successful manager(s) will be expected to incept the mandate from January 2019.

*The West Midlands Pension Fund is part of the LGPS Central Pool and it should be noted that the Fund is looking to work closely with LGPS Central and other Partner Funds in the LGPS Central Pool in the development of the mandate, but there are no guarantees that the mandates will become part of the Pool offering at a future date.* *There is also no guarantee of work from Partner Funds or LGPS Ltd.*

**Strategic Objectives**

WMPF is seeking to establish a multi-provider framework agreement for the provision of investment management services for sustainable equities to be available to all LGPS Administering Authorities in the LGPS Central Investment Pool and LGPS Central Ltd to provide access to high quality risk adjusted return mandates for sustainable equities at the best possible price.

Users of the framework will appoint a provider either by direct call off from the Framework or by re-opening competition and run a further competition exercise amongst those providers identified within the framework as being capable of supplying required services. These competitions will be less expensive and time-consuming, for both customers and providers.

**Scope of the Framework**

The framework will only be made available to the administering authorities of the following bodies:

Cheshire Pension Fund

Derbyshire Pension Fund

Leicestershire Pension Fund

Nottinghamshire Pension Fund

Shropshire Pension Fund

Staffordshire Pension Fund

West Midlands Pension Fund

West Midlands Integrated Transport Authority Pension Fund

Worcestershire Pension Fund

And the LGPS Central Pool Operator

LGPS Central Ltd

**Indicative Timeline for the Tender Process**

**Please note this is an indicative timeline for the selection of sustainable equity managers and may be subject to change at the discretion of WMPF:**

|  |  |
| --- | --- |
| **Date** | **Indicative Timeline** |
| 30/10/18 | Post notification of tender documents |
| 30/10/18 -15/11/18 | Providers submit questions to CWC, latest time for submitting questions 12.00pm on 15/11/18 |
| 19/11/18 | CWC to provide responses to questions |
| 30/11/18 | Tender submissions to CWC by 12.00 noon on 30/11/18 |
| 30/11/18 – 20/01/18 | Evaluation of submissions |
| 21/12/18 | Bidders being invited for clarification meetings to be notified they are to attend  |
| 08/01/19 – 09/01/19 | Clarification meetings to be held with bidders reaching the top 10-12 on the basis of the evaluation |
| 11/01/19  | Notification to successful managers and notify unsuccessful managers |
| 11/01/19 - 21/01/19 | Standstill period |
| 22/01/19 | Final award  |
| 22/01/19 onwards | WMPF to manage transition of assets to new managers |

**If you have not been invited to attend a clarification meeting by 24/12/18 your submission is not being taken forward to the final stage of the evaluation process. You will be notified formally of the outcome on 11/01/19.**

# SECTION 2: WEST MIDlands pension fund BACKGROUND information

* 1. The Local Government Pension Scheme (LGPS) is a national scheme administered on a local basis by Wolverhampton City Council as Administrative Authority of the West Midlands Pension Fund (WMPF) and West Midlands Integrated Transport Authority Pension Fund (WMITA), providing current and future benefits for 313,399 scheme members. Both Funds will be referred to as ‘the Fund’ throughout this document.
	2. The Fund are governed by the Superannuation Act 1972, Public Service Pensions Act 2013 and are administered in accordance with the following secondary legislation:
* the LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended)
* the LGPS (Administration) Regulations 2008 (as amended)
* the LGPS (Benefits, Membership and Contributions) Regulations 2013
* the LGPS (Management and Investment of Funds) Regulations 2016
	1. As at the end of March 2018, WMPF had 627 employer organisations, including 7 District Councils, with 44 scheduled employers (including 396 academies) and 180 admitted employers.  Membership numbers as at 31 March 2018 were:

|  |  |
| --- | --- |
| Active members | 118,093 |
| Pensioner members | 91,741 |
| Deferred members | 103,565 |
| Total membership | 313,399 |

* 1. The WMITA Fund has 2 employers. Although employees who are in the WMITA Pension Fund are still subject to the rules and regulations of the Local Government Pension Scheme, no new members are admitted to the fund.  As such 31 March 2018 were:

|  |  |
| --- | --- |
| Active members | 352 |
| Pensioner members | 3,923 |
| Deferred members | 722 |
| Total membership | 4,997 |

* 1. Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with LGPS (Benefits, Membership and Contributions) Regulations 2007 and range from 5.5% to 12.5% of pensionable pay. Employer contributions are set based on triennial actuarial valuations. The last valuation was 31st March 2016 and employer contribution rates were set ranging from 10.2% to 33.8% of pensionable pay. The majority of employers also pay cash sums each year in respect of the recovery of their pension deficit.
	2. The value of WMPF at 31st March 2018 was £15.4bn and WMITA was £449m. Both are managed with regard to Investment Strategy Statements in accordance with the 2016 Investment Regulations. A copy of which is available on the Fund’s website.
	3. Following the Secretary of State’s Guidance on investment pooling West Midlands Pension Fund has worked with seven partner Funds to meet the criteria for pooling laid down by the Secretary of State, by establishing a jointly owned investment management company, known as ‘LGPS Central Ltd’ (LGPS Central), which became operational on 1 April 2018. LGPS Central Pool has combined assets of £45bn (April2018).

Further information about WMPF and WMITA is available on the Fund’s website at [www.wmpfonline.com](http://www.wmpfonline.com)

# SECTION 3: Mandate specifications

The West Midlands Pension Fund is undertaking a search for 2-5 asset managers to manage a Global Sustainable Active Equity mandate. The manager(s) must include sustainability as a core part of the investment philosophy, with ESG as part of the alpha-generation process. We are looking for more than simply a core global equity strategy with ESG integration. We are looking for active long-only managers and are not at this stage looking for products which would fall under the ‘smart beta’ or ‘quant’ labels. We are looking for managers who invest in companies with a long-term approach to sustainability where the effective management of environmental, social and governance risks and opportunities is an integral part of the strategy to create a sustainable business. We are looking for funds that invest across sectors and will not consider funds with a single sector focus (for example water, clean energy etc).

* Opportunity set – global equities
* Outperformance target of +2.0% (net of fees) over FTSE All-World (or equivalent global benchmark) over a market cycle
* Concentrated best ideas style portfolio
* Actively managed. (Active share >80)
* Evidence of portfolio manager having run sustainable mandate for >3 years
* Comprehensive reporting suite to include ESG metrics
* AuM – minimum of £100m in sustainable strategies
* Capacity to onboard a £150m mandate in a segregated account
* Capacity to participate on a Framework
* Competitive fees

The successful manager(s) will be expected to incept the mandate from January 2019.

***The West Midlands Pension Fund is part of the LGPS Central Pool and it should be noted that the Fund is looking to work closely with LGPS Central and other Partner Funds in the LGPS Central Pool in the development of the mandate, but there are no guarantees that the mandates will become part of the Pool offering at a future date. There is also no guarantee of work from Partner Funds or LGPS Central Ltd.***

**SECTION 4: INSTRUCTIONS FOR COMPLETING SUBMISSION**

**Process**

Please complete:

* Section 5 of this Invitation to Tender.
* Excel spreadsheet with gross monthly performance since inception (see question 6.3.3)

**Please answer every question**. **Questions only partially completed will be significantly scored down.**

**Submission**

* Your response must be received no later than 12.00 noon on 30/11/18
* **Your response must be submitted as an upload to the Chest (tender portal).**
* West Midlands Pension Fund will not consider any late responses to this Invitation to Tender. It may, however, in its own absolute discretion extend the time or date fixed for submission and in such circumstances the West Midlands Pension Fund will notify all Suppliers of any change.

**Format and Content of Response**

* All files submitted must start with the name of your organisation and entitled appropriately.
* Submissions must not be password protected and electronic media must not be encrypted.
* Suppliers are to answer all questions.
* Suppliers’ responses shall be clearly legible and in at least 11-point type.
* Embedded objects (pictures, graphs etc) are permitted but please avoid objects which, if printed, appear as icons, rather than in full.
* The answer to each question shall be self-contained. Responses such as ‘see answer to question x’ are not acceptable, nor are responses which refer to or assume knowledge of existing arrangements.
* Suppliers should not assume that the evaluators have any prior knowledge of their organisation, its capabilities or the solutions it offers.
* Suppliers are reminded that their proposal should respond specifically to West Midland Pension Fund’s requirements. Generic responses which do not take account of the West Midlands Pension Fund’s requirements and circumstances are unlikely to achieve good marks.

**Clarifications**

* Clarifications questions should be submitted through the Chest portal by no later than 12 noon on 15/11/18. West Midlands reserve the right to answer any further clarifications received after this date where necessary at West Midlands’ discretion. Answers to clarification questions will be provided to all suppliers invited to tender by 21/11/18.

**Clarification Meeting/Interview**

* Information provided in your submission will form the basis for the evaluation. West Midlands Pension Fund reserves the right to make an appointment without carrying out interviews, however the expectation is that shortlisted managers will be required to attend clarification meetings. Shortlisted managers will be notified on the 21/12/18. The proposed dates for a meeting in London, are as follows, video conferencing is possible where appropriate (please notify any issues as early as possible). Provisional dates: 8-9/01/19
* Any Supplier whose evaluation score before interviews are such that they have no prospect of being appointed, will not be required for a clarification interview.

**Evaluation Weighting and Scoring**

|  |  |
| --- | --- |
| **Criteria** | **Weight** |
| Part 1: Potential Supplier information | Information only |
| Part 2: Exclusion Grounds | Pass/Fail |
| Part 3: Selection Criteria | See below |
| Section 6: Technical and Professional Ability | See below |
| 6.1 - Minimum requirements | Pass/Fail |
| 6.2 - Corporate Stability and BackingMade up of:2.12.2 | **10%** 6%4% |
| 6.3 - Portfolio Characteristics Made up of:3.13.23.3 | **10%**2%4%4% |
| 6.4 - TeamMade up of:4.14.2 | **10%**3%7% |
| 6.5 Investment philosophy and processMade up of:5.15.25.35.45.5 | **34%**7%7%6%7%7% |
| 6 - Partnership & Cultural FitMade up of: 6.16.2 | **10%**6%4% |
| 7 - Reporting Made up of:7.17.2 | **6%** 3%3% |
| 8 – Fees | 20% |
| TOTAL | 100% |

**Scoring**

Your response will be scored, with each question marked between 0 and 5, as described in the table below, except for Question 8 (fees). which will be scored according to the additional description below.

Potential bidders should note that the scoring outcome is one element of the assessment criteria and managers will be further evaluated on their different investment styles and how they ‘blend’ both with the aims and objectives of the individual Partner Funds’ investment strategies and with each other to ensure a full product offering across the Framework from all appointed providers.

|  |  |
| --- | --- |
| **Standard of Response** | **Score** |
| Exceptional standard of response supported by robust evidence, displaying excellent understanding of the requirements.Demonstrates clearly and convincingly how all the requirements of the portfolio specification in the area being evaluated is likely to be delivered. | 5 |
| Very good standard of response supported by a very good level of credible and detailed evidence, displaying strong understanding of the requirements.Demonstrates very well how the requirements of the portfolio specification in the area being evaluated is likely to be delivered. | 4 |
| Good standard of response supported by a good level of comprehensive evidence showing full understanding of the requirements Demonstrates reasonably well how the requirements of the portfolio specification in the area being evaluated is likely to be delivered. | 3 |
| Basic response that achieves reasonable standards in most respects but unsatisfactory in others and/or has a number of omissions. Demonstrates how some of the requirements of the portfolio specification in the area being evaluated is likely to be delivered but leaves areas of uncertainty and doubt. | 2 |
| Inadequate response that is unsatisfactory and/or has significant omissions. Provides limited demonstration how some of the requirements of the portfolio specification in the area being evaluated is likely to be delivered but leaves areas of uncertainty and doubt. | 1 |
| Very poor response. Insufficient information provided.Gives the company very low confidence/serious concerns in the Bidder’s ability to provide the services in accordance with the Specification. | 0 |

**Scoring of Question 8 Fees**

Pricing will be evaluated using the following steps:

The expected average annual management charge (AMC) will be calculated, based on the allocations and the fee rates quoted. Where the AMC may vary for different amounts, we reserve the right to adjust the quoted AMC for evaluation purposes.

The suppliers will be ranked according to cost and the percentile calculated before being multiplied by the weighting for fees (20%). The lowest cost supplier will be awarded maximum score of 20 for this section. The highest cost supplier will be awarded a score of zero. For example a score in the 40th percentile would be awarded a score of 8.

**Note only one strategy per firm can be submitted**

# Section 5- Questions to be completed

**Part 1: Potential supplier Information**

Please answer the following questions in full. Note that every organisation that is being relied on to meet the selection must complete and submit the Part 1 and Part 2 self-declaration.

|  |  |
| --- | --- |
| Section 1 | Potential supplier information |
| Question number | Question | Response |
| 1.1(a) | Full name of the potential supplier submitting the information |  |
| 1.1(b) – (i) | Registered office address (if applicable) |  |
| 1.1(b) – (ii) | Registered website address (if applicable) |  |
| 1.1(c) | Trading status 1. public limited company
2. limited company
3. limited liability partnership
4. other partnership
5. sole trader
6. third sector
7. other (please specify your trading status)
 |  |
| 1.1(d) | Date of registration in country of origin |  |
| 1.1(e) | Company registration number (if applicable) |  |
| 1.1(f) | Charity registration number (if applicable) |  |
| 1.1(g) | Head office DUNS number (if applicable) |  |
| 1.1(h) | Registered VAT number  |  |
| 1.1(i) - (i) | If applicable, is your organisation registered with the appropriate professional or trade register(s) in the member state where it is established? | Yes ☐No ☐N/A ☐ |
| 1.1(i) - (ii) | If you responded yes to 1.1(i) - (i), please provide the relevant details, including the registration number(s). |  |
| 1.1(j) - (i) | Is it a legal requirement in the state where you are established for you to possess a particular authorisation, or be a member of a particular organisation in order to provide the services specified in this procurement? | Yes ☐No ☐ |
| 1.1(j) - (ii) | If you responded yes to 1.1(j) - (i), please provide additional details of what is required and confirmation that you have complied with this. |  |
| 1.1(k) | Trading name(s) that will be used if successful in this procurement |  |
| 1.1(l) | Relevant classifications (state whether you fall within one of these, and if so which one)1. Voluntary Community Social Enterprise (VCSE)
2. Sheltered Workshop
3. Public service mutual
 |  |
| 1.1(m) | Are you a Small, Medium or Micro Enterprise (SME)[[1]](#footnote-2)? | Yes ☐No ☐ |
| 1.1(n) | Details of Persons of Significant Control (PSC), where appropriate: [[2]](#footnote-3) - Name; - Date of birth; - Nationality; - Country, state or part of the UK where the PSC usually lives; - Service address; - The date he or she became a PSC in relation to the company (for existing companies the 6 April 2016 should be used); - Which conditions for being a PSC are met;  - Over 25% up to (and including) 50%,  - More than 50% and less than 75%,  - 75% or more. [[3]](#footnote-4)(Please enter N/A if not applicable) |  |
| 1.1(o) | Details of immediate parent company: - Full name of the immediate parent company- Registered office address (if applicable)- Registration number (if applicable)- Head office DUNS number (if applicable)- Head office VAT number (if applicable)(Please enter N/A if not applicable) |  |
| 1.1(p) | Details of ultimate parent company:- Full name of the ultimate parent company- Registered office address (if applicable)- Registration number (if applicable)- Head office DUNS number (if applicable)- Head office VAT number (if applicable)(Please enter N/A if not applicable) |  |

Please provide the following information about your approach to this procurement:

|  |  |
| --- | --- |
| Section 1 | Bidding model |
| Question number | Question | Response |
| 1.2(a) - (i) | Are you bidding as the lead contact for a group of economic operators? | Yes ☐No ☐ If yes, please provide details listed in questions 1.2(a) (ii), (a) (iii) and to 1.2(b) (i), (b) (ii), 1.3, Section 2 and 3.If no, and you are a supporting bidder please provide the name of your group at 1.2(a) (ii) for reference purposes, and complete 1.3, Section 2 and 3. |
| 1.2(a) - (ii) | Name of group of economic operators (if applicable) |  |
| 1.2(a) - (iii) | Proposed legal structure if the group of economic operators intends to form a named single legal entity prior to signing a contract, if awarded. If you do not propose to form a single legal entity, please explain the legal structure. |  |
| 1.2(b) - (i) | Are you or, if applicable, the group of economic operators proposing to use sub-contractors? | Yes ☐No ☐ |
| 1.2(b) - (ii) | If you responded yes to 1.2(b)-(i) please provide additional details for each sub-contractor in the following table: we may ask them to complete this form as well.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name |  |  |  |  |  |
| Registered address |  |  |  |  |  |
| Trading status |  |  |  |  |  |
| Company registration number |  |  |  |  |  |
| Head Office DUNS number (if applicable) |  |  |  |  |  |
| Registered VAT number |  |  |  |  |  |
| Type of organisation |  |  |  |  |  |
| SME (Yes/No) |  |  |  |  |  |
| The role each sub-contractor will take in providing the works and /or supplies e.g. key deliverables |  |  |  |  |  |
| The approximate % of contractual obligations assigned to each sub-contractor |  |  |  |  |  |

 |

**Contact details and declaration**

I declare that to the best of my knowledge the answers submitted and information contained in this document are correct and accurate.

I declare that, upon request and without delay I will provide the certificates or documentary evidence referred to in this document.

I understand that the information will be used in the selection process to assess my organisation’s suitability to be invited to participate further in this procurement.

I understand that the authority may reject this submission in its entirety if there is a failure to answer all the relevant questions fully, or if false/misleading information or content is provided in any section.

I am aware of the consequences of serious misrepresentation.

|  |  |
| --- | --- |
| Section 1 | Contact details and declaration |
| Question number | Question | Response |
| 1.3(a) | Contact name |  |
| 1.3(b) | Name of organisation |  |
| 1.3(c) | Role in organisation |  |
| 1.3(d) | Phone number |  |
| 1.3(e) | E-mail address  |  |
| 1.3(f) | Postal address |  |
| 1.3(g) | Signature (electronic is acceptable) |  |
| 1.3(h) | Date |  |

**Part 2: Exclusion Grounds**

Please answer the following questions in full. Note that every organisation that is being relied on to meet the selection must complete and submit the Part 1 and Part 2 self-declaration.

|  |  |
| --- | --- |
| Section 2 | Grounds for mandatory exclusion |
| Question number | Question | Response |
| 2.1(a) | **Regulations 57(1) and (2)** The detailed grounds for mandatory exclusion of an organisation are set out on this [webpage](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/551130/List_of_Mandatory_and_Discretionary_Exclusions.pdf), which should be referred to before completing these questions. Please indicate if, within the past five years you, your organisation or any other person who has powers of representation, decision or control in the organisation been convicted anywhere in the world of any of the offences within the summary below and listed on the [webpage](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/551130/List_of_Mandatory_and_Discretionary_Exclusions.pdf). |
|  | Participation in a criminal organisation.  | Yes ☐No ☐If Yes please provide details at 2.1(b) |
|  | Corruption.  | Yes ☐No ☐If Yes please provide details at 2.1(b) |
|  | Fraud.  | Yes ☐No ☐If Yes please provide details at 2.1(b) |
|  | Terrorist offences or offences linked to terrorist activities | Yes ☐No ☐If Yes please provide details at 2.1(b) |
|  | Money laundering or terrorist financing | Yes ☐No ☐If Yes please provide details at 2.1(b) |
|  | Child labour and other forms of trafficking in human beings | Yes ☐No ☐If Yes please provide details at 2.1(b)  |
| 2.1(b) | If you have answered yes to question 2.1(a), please provide further details.Date of conviction, specify which of the grounds listed the conviction was for, and the reasons for conviction,Identity of who has been convictedIf the relevant documentation is available electronically please provide the web address, issuing authority, precise reference of the documents. |  |
| 2.2 | If you have answered Yes to any of the points above have measures been taken to demonstrate the reliability of the organisation despite the existence of a relevant ground for exclusion ? (Self Cleaning) | Yes ☐No ☐ |
| 2.3(a) | **Regulation 57(3)**Has it been established, for your organisation by a judicial or administrative decision having final and binding effect in accordance with the legal provisions of any part of the United Kingdom or the legal provisions of the country in which the organisation is established (if outside the UK), that the organisation is in breach of obligations related to the payment of tax or social security contributions? | Yes ☐No ☐ |
| 2.3(b) | If you have answered yes to question 2.3(a), please provide further details. Please also confirm you have paid, or have entered into a binding arrangement with a view to paying, the outstanding sum including where applicable any accrued interest and/or fines. |  |

Please Note: The authority reserves the right to use its discretion to exclude a potential supplier where it can demonstrate by any appropriate means that the potential supplier is in breach of its obligations relating to the non-payment of taxes or social security contributions.

|  |  |
| --- | --- |
| Section 3 | Grounds for discretionary exclusion  |
|  | Question | Response |
| 3.1 | **Regulation 57 (8)**The detailed grounds for discretionary exclusion of an organisation are set out on this [webpage](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/551130/List_of_Mandatory_and_Discretionary_Exclusions.pdf), which should be referred to before completing these questions. Please indicate if, within the past three years, anywhere in the world any of the following situations have applied to you, your organisation or any other person who has powers of representation, decision or control in the organisation. |
| 3.1(a) | Breach of environmental obligations?  | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1 (b) | Breach of social obligations?  | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1 (c) | Breach of labour law obligations?  | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1(d) | Bankrupt or is the subject of insolvency or winding-up proceedings, where the organisation’s assets are being administered by a liquidator or by the court, where it is in an arrangement with creditors, where its business activities are suspended or it is in any analogous situation arising from a similar procedure under the laws and regulations of any State? | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1(e) | Guilty of grave professional misconduct? | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1(f) | Entered into agreements with other economic operators aimed at distorting competition? | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1(g) | Aware of any conflict of interest within the meaning of regulation 24 due to the participation in the procurement procedure? | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1(h) | Been involved in the preparation of the procurement procedure? | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1(i) | Shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract, a prior contract with a contracting entity, or a prior concession contract, which led to early termination of that prior contract, damages or other comparable sanctions? | Yes ☐No ☐If yes please provide details at 3.2 |
| 3.1(j)3.1(j) - (i)3.1(j) - (ii)3.1(j) –(iii)3.1(j)-(iv) | Please answer the following statementsThe organisation is guilty of serious misrepresentation in supplying the information required for the verification of the absence of grounds for exclusion or the fulfilment of the selection criteria.The organisation has withheld such information. The organisation is not able to submit supporting documents required under regulation 59 of the Public Contracts Regulations 2015.The organisation has influenced the decision-making process of the contracting authority to obtain confidential information that may confer upon the organisation undue advantages in the procurement procedure, or to negligently provided misleading information that may have a material influence on decisions concerning exclusion, selection or award. | Yes ☐No ☐If Yes please provide details at 3.2Yes ☐No ☐If Yes please provide details at 3.2Yes ☐No ☐If Yes please provide details at 3.2Yes ☐No ☐If Yes please provide details at 3.2 |

|  |  |  |
| --- | --- | --- |
| 3.2 | If you have answered Yes to any of the above, explain what measures been taken to demonstrate the reliability of the organisation despite the existence of a relevant ground for exclusion? (Self Cleaning) |  |

**Part 3: Selection Questions**

|  |  |
| --- | --- |
| **Section 4** | **Economic and Financial Standing**  |
|  | Question | Response |
| **4.1** | Are you able to provide a copy of your audited accounts for the last two years, if requested?If no, can you provide **one** of the following: answer with Y/N in the relevant box. | Yes ☐No ☐ |
| (a) A statement of the turnover, Profit and Loss Account/Income Statement, Balance Sheet/Statement of Financial Position and Statement of Cash Flow for the most recent year of trading for this organisation. | Yes ☐No ☐ |
| (b) A statement of the cash flow forecast for the current year and a bank letter outlining the current cash and credit position. | Yes ☐No ☐ |

|  |  |
| --- | --- |
| **Section 5** | **If you have indicated in the Selection Questionnaire question 1.2 that you are part of a wider group, please provide further details below:**  |
| **Name of organisation** |  |
| **Relationship to the Supplier completing these questions** |  |

|  |  |  |
| --- | --- | --- |
| **5.1** | Are you able to provide parent company accounts if requested to at a later stage? | Yes ☐No ☐ |
| **5.2** | If yes, would the parent company be willing to provide a guarantee if necessary? | Yes ☐No ☐ |
| **5.3** | If no, would you be able to obtain a guarantee elsewhere (e.g. from a bank)?  | Yes ☐No ☐ |

|  |  |
| --- | --- |
| **Section 6** | **Technical and Professional Ability**  |
| **6.1** | **Minimum requirements****If the response any of the questions below are no, your tender response will not be evaluated unless the Authority is satisfied as to the explanation provided.****Strategy name**:

|  |  |  |
| --- | --- | --- |
| **Requirement** | **Please provide answer in this column (y/n)**  | **Explanation if applicable** |
| Is this an active Global Equity strategy? |  |  |
| Does this strategy explicitly invest in companies producing goods and / or services which address a sustainability challenge? |  |  |
| Does the strategy target +2.0% (net of fees) over FTSE All World- (or equivalent global benchmark) over a market cycle? |  |  |
| Does the strategy have a minimum of £100m AuM? |  |  |
| Does the strategy have the capacity to onboard a £150m mandate in a segregated account? |  |  |
| Please confirm the Portfolio Manager/(s) has at least 3 years’ experience managing a Global Sustainable mandate |  |  |
| Are you a signatory of the UK’s Stewardship Code at Level 1 or 2? |  |  |
| Are you a signatory of the Principles for Responsible Investment or are you in the process of becoming a signatory, if so please provide a timeframe? |  |  |
| Have you or are you prepared to become a signatory of the LGPS Transparency Code should be awarded a mandate under this procurement? <http://lgpsboard.org/index.php/structure-reform/cost-transparency> |  |  |

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| **6.2** | **Corporate Stability and Backing** |
| 6.2.1 | **Key Firm Information (please provide information as at 30/9/18)**

|  |  |
| --- | --- |
| **Key Firm Information** | **Please provide answer in this column** |
| Location of HQ |  |
| Firm % employee owned |  |
| Firm total AuM (£) |  |
| Recent significant inflows/outflow in AuM and any explanation for significant movements (£) |  |
| AuM managed in Active Equities (£) |  |
| AuM in equity strategies managed with a sustainable investment philosophy (including strategy submitted plus any other strategies managed in a similar manner) (£) |  |
|  |  |

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| 6.2.2 |

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| * Describe the ownership structure
* Have there been any significant organisational changes impacting the organisation over the last 3 years or are there any anticipated over the next few months, if so please outline the changes and any impact?
* Does the Firm outsource any aspects of the investment/operational/compliance management? If so, please set out the arrangements for any such outsourced arrangements including key providers and the oversight arrangements in place to ensure delivery of services?
 |
|  *Answer here and state word count (500 words)* |

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| **6.3**  | **Portfolio Characteristics (please provide information as at 30/9/18)** |
| 6.3.1 |

|  |  |
| --- | --- |
| **Portfolio Characteristics** | **Please provide answer in this column** |
| Strategy name |  |
| Preferred benchmark |  |
| Return target |  |
| Tracking error expectation |  |
| AuM in strategy submitted (£) |  |
| Estimated capacity (£) |  |
| Number of holdings |  |
| Active share |  |
| Annual turnover (LTM) "The lesser of purchases and sales and dividing by the average annual market value times 100%." |  |
| Market cap: % < £1 billion |  |
| Market cap: % £1bn-10bn |  |
| Market cap: % >£10bn  |  |
| Portfolio style characteristics |  |
| Inception date for strategy being submitted |  |

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| 6.3.2 |

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| Please provide gross performance statistics for the strategy you are submitting in the following table format for periods to 30/09/18 |
| **YTD** | **1 year** | **3 years** | **5 years** | **Since Inception** |
|  |  |  |  |  |
|  |  |  |  |  |

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| Please provide an explanation of the primary sources of alpha generation for the portfolio  |
|  *Answer here and state word count (max 200 words)* |

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| 6.3.3 |

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| Please provide the performance contributions/detractors of the top 5/ bottom 5 stocks over the following time periods to 30/09/18: |
|  | **YTD** | **1 year** | **3 years** | **5 years** | **Since Inception** |
| **Top 5** |  |  |  |  |  |
| **1** |  |  |  |  |  |
| **2** |  |  |  |  |  |
| **3** |  |  |  |  |  |
| **4** |  |  |  |  |  |
| **5** |  |  |  |  |  |
| **Bottom 5** |  |  |  |  |  |
| **1** |  |  |  |  |  |
| **2** |  |  |  |  |  |
| **3** |  |  |  |  |  |
| **4** |  |  |  |  |  |
| **5** |  |  |  |  |  |

Please also supply in a separate table month by month gross performance for the strategy in an excel spreadsheet as a separate appendix (upload as a separate attachment to the tender portal). |
| 6.4 | **Team (please provide information as at 30/9/18)** |
| 6.4.1 |

|  |  |
| --- | --- |
| **Key Team Information** (please provide information as at 30/9/18) | **Please provide answer in this column** |
| Name of portfolio manager (s) |  |
| Tenure of portfolio managers (s) on this strategy |  |
| Tenure of portfolio managers (s) with the firm |  |
| Portfolio manager turnover in last 5 years (number of PM departures) |  |
| Number of analysts supporting the strategy |  |
| Analyst turnover in last 5 years (number of analyst departures) |  |
| Team location |  |

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| 6.4.2 |

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| * your organisation and team, including experience, team structure and incentives. How does firm and team culture support the future success of the investment process?
* How does the organisation promote diversity within its team?
* Does the team run non-sustainable strategies in addition to the sustainable strategy put forward? If so, please explain how they split their time.
 |
| *Answer here and state word count (max 750 words)* |

 |
| 6.5 | **Investment philosophy and process** |
| 6.5.1 | * Briefly set out how you define sustainability in terms of sustainable active equity investment, including an example of a company that would suit your definition and briefly describe your investment philosophy and the key steps in your investment process.

In your view why should a portfolio of sustainable companies out perform a cap-weighted index?*Answer here and state word count (max 1,000 words)* |
| 6.5.2 | * Summarise your competitive advantage in managing a Global Sustainable equity portfolio as specified. What makes you different and gives you an edge over your peers? Why do you consider your approach to be the best?

Outline the environments in which we can expect your strategy to out/under perform. Outline maximum drawdown periods and provide an explanation*Answer here and state word count (max 1,000 words)* |
| 6.5.3 | * How does your investment philosophy identify key and emerging sustainable themes and trends and how does these get incorporated (where appropriate) into the portfolio?
* Please provide examples of what you see as key emerging sustainable themes/trends currently and if these are integrated in the portfolio/planned to be integrated or aren’t suitable for the strategy.

Please also provide example(s) of times where you have not participate in these themes/trends and why?*Answer here and state word count (max 750 words)* |
| 6.5.4 | * Briefly describe your stock selection process (including research and screening) and outline your sell discipline.

Describe your process for managing mandate underperformance vs. benchmark, in the event of sustained underperformance?*Answer here and state word count (max 1,000 words)* |
| 6.5.5 | * Briefly describe the approach to ESG integration and your approach to stewardship.
* Please note WMPF uses the services of an external voting provider, please also state how you would propose to engage with them.

What proportion of the portfolio do you engage with per annum? Please provide a separate table showing your engagement activities over the last 12 months, any outcomes and follow-up |
| 6.6 | **Partnership & Cultural fit**  |
| 6.6.1 | * How do your values and investment principles align with West Midlands values and investment principles, as set out in the West Midlands Pension Fund Investment Strategy Statement 2018 and the Fund’s Responsible Investment Framework?
* How do you reconcile your own approach to internal governance, remuneration and culture to that on which you are engaging with investee companies? Please provide any supporting policies in an appendix.
* Please note that the scoring of this question will include input from the PRI Transparency Report (preferably private report) and PRI Assessment, so your response should include these reports if you are a signatory.

Please set out how you see the sustainable equity area evolving over the next 3-5 years and what role you would expect to play in this?*Answer here and state word count (max 800 words)* |
| 6.6.2 | * WMPF works in partnership with other Funds within the LGPS Central Pool as well as LGPS Central Ltd, please set out how you would support the Fund in developing greater collaboration and partnership working with these organisations?

Are you covered by MiFID II or do you apply for UK clients? Do you unbundle research, if not please provide an explanation of how you will facilitate for UK clients? WMPF expects that commissions paid on transactions carried out by you should cover execution services only*Answer here and state word count (max 600 words)* |
| 7 | **Reporting** |
| 6.7.1 | What ESG reporting do you have including TCFD? Please confirm you are able to provide the reports as set out in the separate table as standard?*Answer here and state word count (max 500 words)*

|  |  |  |  |
| --- | --- | --- | --- |
| *Reporting Requirement* | *Yes/No* | *Comments* | *Frequency and timing (e.g. quarterly, 10 business days after period end)* |
| *Monthly Valuation*  |  |  |  |
| *Quarterly Performance Reporting* |  |  |  |
| *Annual Performance Report* |  |  |  |
| *Engagement reporting* |  |  |  |
| *Carbon Footprinting* |  |  |  |
| *Additional Reporting?* |  |  |  |
|  |  |  |  |

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| 6.7.2 | Please provide information on how you would propose servicing WMPF in terms of meetings, dedicated client service manager, access to the fund manager responsible for the portfolio and ability to provide training and support to WMPF or wider LGPS Central Pool? Please make reference to who the main contacts for the Fund(s) would be.*Answer here and state word count (max 500 words)* |
| 6.8 | FeesPlease provide an indication of the expected AMC of your portfolio for mandates over the following sizes (bps) and a performance fee option if appropriate. |
|  |

|  |  |  |  |  |
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| **West Midlands Pension Fund Framework** | **Strategy Name** | **Option 1- Flat fee bp** | **Option 1- Flat fee £’000** | **Breakdown of any other additional fees /costs** |
| £100m mandate |  |  |  |  |
| £200m mandate |  |  |  |  |
| £300m mandate |  |  |  |  |
| Over £400m mandate |  |  |  |  |
|  | **Strategy Name** | **Option 2-Performance fee\* bp** | **Option 2-Performance fee\* £’000** | **Breakdown of any other additional fees /costs** |
| £100m mandate |  |  |  |  |
| £200m mandate |  |  |  |  |
| £300m mandate |  |  |  |  |
| Over £400m mandate |  |  |  |  |
| The section below asks you to provide your standard institutional rates. |
| **STANDARD INSTITUTIONAL RATES** | **Strategy Name** | **Option 1- Flat fee bp** | **Option 1- Flat fee £’000** | **Breakdown of any other additional fees /costs** |
| £100m mandate |  |  |  |  |
| £200m mandate |  |  |  |  |
| £300m mandate |  |  |  |  |
| Over £400m mandate |  |  |  |  |
|  | **Strategy Name** | **Option 2-Performance fee\* bp** | **Option 2-Performance fee\* £’000** | **Breakdown of any other additional fees /costs** |
| £100m mandate |  |  |  |  |
| £200m mandate |  |  |  |  |
| £300m mandate |  |  |  |  |
| Over £400m mandate  |  |  |  |  |

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| **Section 7** | **Modern Slavery Act 2015:** **Requirements under Modern Slavery Act 2015** |
| **7.1** | Are you a relevant commercial organisation as defined by section 54 ("Transparency in supply chains etc.") of the Modern Slavery Act 2015 ("the Act")? | Yes ☐N/A ☐ |
| **7.2** | If you have answered yes to question 7.1 are you compliant with the annual reporting requirements contained within Section 54 of the Act 2015? | Yes ☐Please provide the relevant url …No ☐Please provide an explanation |

**8. Additional Questions**

Suppliers who self-certify that they meet the requirements to these additional questions will be required to provide evidence of this if they are successful at contract award stage.

|  |  |
| --- | --- |
| **Section 8** | **Additional Questions**  |
| **8.1** | **Insurance** |
| a. | Please self-certify whether you already have, or can commit to obtain, prior to the commencement of the contract, the levels of insurance cover indicated below: Y/N Employer’s (Compulsory) Liability Insurance = £5M Y/NPublic Liability Insurance = £5M Y/NProfessional Indemnity Insurance = £10M Y/NCyber liability = £5M in respect of any one claim (unless cover under another policy, please specify) Y/N\*It is a legal requirement that all companies hold Employer’s (Compulsory) Liability Insurance of £5 million as a minimum. Please note this requirement is not applicable to Sole Traders. |

1. See EU definition of SME <https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en> [↑](#footnote-ref-2)
2. UK companies, Societates European (SEs) and limited liability partnerships (LLPs) will be required to identify and record the people who own or control their company. Companies, SEs and LLPs will need to keep a PSC register, and must file the PSC information with the central public register at Companies House. [See PSC guidance](https://www.gov.uk/government/publications/guidance-to-the-people-with-significant-control-requirements-for-companies-and-limited-liability-partnerships). [↑](#footnote-ref-3)
3. Central Government contracting authorities should use this information to have the PSC information for the preferred supplier checked before award. [↑](#footnote-ref-4)