

**Request for tender –
Asset management for
The North Denmark Region**

April 2020

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- Appendix 5: KL's Governance Principle (Danish version 5a / English version 5b)
- Appendix 6: Order on the Investment and Management of the Foundations' Capital (Danish / English)

Introduction

The North Denmark Region intends to conclude one contract about asset management of approximately DKK 250 million/approximately USD 35 million. The funds are primarily intended to be allocated to the asset classes, emerging market bonds, investment grade and high yield corporate bonds. The North Denmark Region expects the contract to start on 1st July 2020, with an effective duration until 30th June 2024, and an option for The North Denmark Region to extend the contract period up to 2 x 12 months. The portfolio must be managed in accordance with The North Denmark Region's investment policy. This asset management mandate is one mandate out of a total of three mandates, however, the other two mandates cover the asset classes, Danish government- and mortgage bonds, as well as global stocks.

Contracting authority

The contracting authority is:

The North Denmark Region
Niels Bohrs Vej 30
DK - 9220 Aalborg
Denmark

CVR / VAT number 29190941 / www.rn.dk/service/english

In the tender phase, The North Denmark Region is assisted by:

Lundgreen's Capital ApS
Havnegade 39
DK - 1058 Copenhagen K
Denmark

Telephone +45 70 26 88 55 / www.lundgreencapital.com

Tender documents

The complete request for tender documentation consists of this document, which describes the entire tender process including the request for tender, minimum requirements, technical requirements, as well as the following appendixes:

- Appendix 1: Excel tender price sheet (Danish version 1a / English version 1b)
- Appendix 2: North Denmark Region's financial strategy / investment policy (Danish 2a / English 2b)
- Appendix 3: Declaration regarding grounds for exclusion (Danish version 3a / English version 3b)
- Appendix 4: Declaration concerning public access to docs (Danish version 4a / English version 4b)
- Appendix 5: KL's Governance Principle (Danish version 5a / English version 5b)
- Appendix 6: Order on the Investment and Management of the Foundations' Capital (Danish / English)

1 Request for tender

The tender contract is exempted from the obligation to tender under Section II of the Tendering Act, sub-clause Section 21 (5) of the Tendering Act.

The contract tendered is assessed to have clear cross-border interest, therefore, the tender process is an open procedure conducted in accordance with Section IV of the Tendering Act, as part of the total tender process due to the below paragraph. The advertisement is then referred to as "the request for tender". The tender process is an open procedure, which means that anyone who meets the entry requirements has the right to tender.

1.1 Procedure

This present request for tender document, which concerns one (1) asset management contract, is one part of an overall request for tender. The other part concerns two (2) asset management contracts covering Danish government and mortgage bonds, as well as global equities. Both procedures should be understood as one overall request to tender procedure, totalling to three (3) sub-contracts.

In this lot, The North Denmark Region intends to enter one asset management contract of approximately DKK 250 million/approximately USD 35 million. The funds are primarily intended to be allocated to the asset classes, emerging market bonds, investment grade and high yield corporate bonds. Up to 2 pct. can be invested in cash and the entire amount can be invested in Danish government and mortgage bonds under special market circumstances.

The tenderer can at most, expect to be awarded one asset management contract (one sub-contract), as The North Denmark Region intends to enter contracts with three different asset managers.

If a tenderer has submitted a tender in both lots and the tenderer wins a contract in both lots, the awarding of contracts will be made by The North Denmark Region, so that the overall choice of asset managers combined becomes most economically advantageous for The North Denmark Region.

1.2 Ownership of the tender documents/copyright to the request for tender documents

All files and accompanying documents/appendixes submitted by the tenderer are considered to be the property of The North Denmark Region and will not be returned or handed over. The contents of the request to tender documents are copyrighted by Lundgreen's Capital and may not be reused or copied, whether as a whole or in parts, this includes third parties.

No reimbursement will be made for submitting tenders or for preparing the tender material.

1.3 Questions on the request for tender

Questions regarding the request for tender must be submitted to Lundgreen's Capital by e-mail to udbud@lundgreens.com

Emails containing questions must, in the subject field, be marked "Questions regarding request of tender/The North Denmark Region- Global Bond Mandate". All questions must start with a clear reference to which section of the request for tender documents the questions relate to.

The deadline for submission of questions is 11th May 2020. Questions submitted before this deadline are expected to be answered. The aim is to publish the answers as soon as possible, but no later than 15th May 2020. If questions are submitted after the deadline, these will be answered only if possible.

Questions and answers will be published on www.odbud.dk

1.4 Deadline for the receipt of tenders

Tenders must reach Lundgreen's Capital no later than 27th May 2020 at 12.00 noon CET. Tenders that appear later than this deadline will be rejected. The tenderer is responsible for ensuring that the offer arrives in a timely manner.

Tenders must be sent by e-mail to: odbud@lundgreens.com

Emails containing tenders must, in the subject field, be marked: "Confidential- Tender on Asset Management- Global Bond Mandate/The North Denmark Region". All tenders will be opened after the tender deadline.

The tender should consist of one complete PDF file with the tender description and a completed separate Excel tender price sheet (Appendix 1). There will be no access to attend the opening of the submitted tenders. The offer material will not be returned to the tenderer.

1.5 Validity period for submitted tenders

The submitted tenders must be valid for 6 months, calculated from the deadline for the receipt of tenders.

1.6 Caveat from The North Denmark Region

The North Denmark Region takes caveat subject to changes in laws, regulations, and other governmental decisions that may change the terms in the request for tender documents. The North Denmark Region reserves the right to make corrections to the request for tender documentation before the closing date for the tender. However, The North Denmark Region will not change any basic elements.

1.7 Tenderer's reservation

The tenderer is encouraged to seek clarification on any uncertainties in the request for tender documents by submitting questions regarding the request for tender documents, so that reservations can be avoided as much as possible.

Reservations against minimum requirements and basic elements of the request for tender documents may result to the consequence wherein The North Denmark Region will be obliged to disregard the

submitted tender. In the case of reservations that do not relate to basic elements of the tender documents, The North Denmark Region has the right to disregard the submitted tender or alternatively seek the reservation priced to any extent possible. If a reservation of economic value cannot be priced, The North Denmark Region will be obliged to disregard the offer.

The tenderer should therefore carefully consider the decision to include a reservation in the submitted tender. If a reservation is included in the tender, this must be expressly stated separately in the offer.

1.8 Draft contract in the tender

In the tender, the tenderer must enclose a draft contract that complies with the minimum requirements in the tender documents. In addition, the draft contract must include the two paragraphs below.

Paragraph 1:

The contract describes the obligations and rights of The North Denmark Region and the tenderer. Meaning, the contract and the tender documents prepared by The North Denmark Region (with appendixes), the tenderer's tender, and questions and answers to the request for tender documents, constitute the total contract material. In case of doubt between the contract and the request for tender documentation, the request for tender documentation including questions and answers to the request for tender documentation has the first priority. The tenderer's general terms of business only apply to subjects that are not covered by the contract material.

Paragraph 2, concerning reports on money laundering and similar critical matters:

This paragraph regulates the relation between the tenderer and possible subcontractors to the tenderer. In this paragraph a "subcontractor" is solely defined as a financial cooperation partner where the tenderer, by law (as well as related regulations), is required to carry out "due diligence" of the cooperation partner, and where the tenderer, under due diligence, is also required to include and assess the subcontractor's anti-money laundering procedures.

If the tenderer or a group-affiliated company receives a judgment or accepts a fine for violations of the money laundering legislation, the tenderer is obliged to notify The North Denmark Region within a reasonable time, preferably as soon as possible. This also applies if the tenderer is aware of similar situations involving the tenderer's subcontractors.

In the regular meetings between the tenderer and The North Denmark Region, the tenderer will be required to report to The North Denmark Region about other similar critical matters regarding the tenderer's own organisation, where the tenderer should realize that The North Denmark Region has an interest in being informed about these matters.

This applies not only, but also if, there is a reasonable presumption of a risk that the tenderer's own organisation, a group-affiliated company, or the tenderer's subcontractors are, or have been, involved in money laundering, received charges concerning money laundering, or other significant reactions from official financial supervisory organisations or other public authorities etc.

At the request of The North Denmark Region, the tenderer shall be obliged to provide detailed and/or supplementary information about matters relating to the above as soon as possible. The supplementary

and or in-depth statement must contain a description of how the tenderer's organisation has handled the situation(s) concerned, including the measures that have been taken in practice.

The North Denmark Region respects that the tenderer's information/statements are given in compliance with the confidentiality regulations that the tenderer is subject to.

If The North Denmark Region considers that the tenderer has failed to fulfil its obligations to provide the necessary information, it will prompt for a reassessment of the continued cooperation with the tenderer.

The ongoing reporting to The North Denmark Region is only expected to reflect the developments that would have been reported anyway. This can, for example, be done verbally and take place at the regular meetings between the tenderer and The North Denmark Region.

1.9 Public access to administrative documents

The North Denmark Region is subject to the rules of the administrative law for public institutions, including rules about public access to documents under the Public and Administrative Law Act.

Parts of tenders that can, after undergoing specific assessments, be exempted from "public access to documents", cf. section 30, sub-clause 2 of the Public Act, which includes technical descriptions or procedures, as well as operating or business issues and the like, may be requested by the tenderer to not be made public.

It should be noted that only important reasons can justify why certain information should be covered by the exemption and that it is The North Denmark Region who takes this decision, which is why the tenderer's assessment can be "overruled", particularly if the tenderer fails to provide sufficient reasons/documentation for an exemption plea.

In Appendix 4a / 4b, the tenderer will be asked to state which parts of the submitted tender the tenderer considers as confidential and shall therefore be exempted from "public access to documents", cf. section 30, sub-clause 2 of the Public Act. For each piece of information that will be exempted from "public access to documents", an independent motivation must be stated. However, any request for public access to documents will be subject to a specific assessment, regardless of what the tenderer states in appendix 4a / 4b.

(The binding Danish version is found in Appendix 4a with a non-committal version and translation attached as Appendix 4b)

1.10 Compliance with Governance Principles

The National Association of Municipalities (Kommunernes Landsforening) has enacted a set of governance principles. It is recommended to public sector institutions to demand from their financial sector vendors to comply with these governance principles. The North Denmark Region demands these governance principles to be applied by all its financial sector vendors. Therefore, in the tender, the tenderer must confirm to comply with the principles of governance (The binding Danish version is found in Appendix 5a with a non-committal version and translation attached as Appendix 5b).

2 Minimum requirements

This section lists all the minimum requirements that the tenderer in the tender must confirm to fulfil.

2.1 Formal requirements for the tender (minimum requirement)

It is assumed that the tenderer, before submitting a tender, is aware of the scope and conditions of the request for tender. It is important that the tenderer in the tender adheres to all points in the request for tender documents, as the tender evaluation will be made on the basis of the submitted tenders. The North Denmark Region may obtain by request, any supplementary and/or further technical information

The request for tender documents is published on www.udbud.dk. Any corrections to the documents will be published on the same website and it is the responsibility of the tenderer to keep updated about any amendments to the documents.

2.2 Language (minimum requirement)

The request for tender is published in English, though the tender may be submitted in either Danish or English, and it is accepted that the communication during the tender process will either be Danish or English. Communication during the contract period may also be in either Danish or English.

2.3 Contract period (minimum requirement)

The North Denmark Region intends to enter a four-year contract starting the 1st July 2020, with the option for The North Denmark Region to extend the contract for up to 2 x 12 months. If The North Denmark Region decides to extend the contract, the tenderer shall be informed no later than 6 months before the expiry of the contract. In that case, the contract can be extended by either 12 or 24 months from the original expiration date of the contract. If the contract period is extended by 12 months, it can be extended by another 12 months after one year.

2.4 Termination (minimum requirement)

The North Denmark Region has the possibility to terminate the contract upon giving a 7-banking days' notice. The tenderer can terminate the agreement upon giving a 6-month notice, calculated from the next coming month end.

2.5 Management fee (minimum requirement)

In the unexpected event of a premature termination of the contract, the tenderer's management fee will be reduced, following a proportional calculation of the accrued management fee for the past period, until the end of the notice period.

In the event of changes in the amount under management, the tenderer's management fee will be reduced from the cut-off date, after a proportional calculation, in relation to the amount managed.

2.6 Best Execution (minimum requirement)

The tenderer must submit its “Best Execution” policy and at the same time confirm that the tenderer will comply with the policy, and that the tenderer does not add or subtract any margin on the securities traded on behalf of The North Denmark Region.

2.7 Socially responsible investments (minimum requirement)

The tenderer must confirm that the submitted tender complies with the socially responsible investment demands described in the financial policy/investment strategy (The binding Danish version of the financial strategy is found in Appendix 2a, though a non-committal version and translation of the investment strategy and socially responsible investment requirements is attached as Appendix 2b)

In addition, the tenderer must confirm that the organisation has joined and signed the UN Principles for Responsible Investments (UN PRI). If this is not the case, the tenderer can instead guarantee that the UN PRI will be signed no later than 12 months after the start date of the asset management contract.

2.8 Returns calculated according to GIPS standard (minimum requirement)

The tenderer must confirm that all returns mentioned and submitted in the tender follows the Global Investment Performance Standards (GIPS). The tenderer's organisation is not required to be GIPS certified.

2.9 Client account manager (minimum requirement)

The tenderer must appoint one overall client account manager, who will be The North Denmark Region's main contact to the tenderer. In addition, there may be other client responsibility managers for individual business areas whom The North Denmark Region can contact directly. The client responsibility managers shall all possess the necessary competencies within the relevant business areas, to ensure that The North Denmark Region can obtain professional service and the requested services at any time. Tenderer must confirm that The North Denmark Region will receive a final reply no later than three Danish banking days after The North Denmark Region has submitted a request (the day of contact counts as the first day), and that all verbal or written communication takes place in Danish or English.

2.10 Follow-up and regular business meetings (minimum requirement)

The contract must include follow-up and business meetings which also could include presentations to both The North Denmark Region's political and administrative units about specific issues. At these meetings, the tenderer's specialists in various fields must be available for the presentations. The expected number of meetings is 1-2 meetings per year, though it may vary.

2.11 Reporting (minimum requirement)

The tender must include an example of a portfolio and performance report. In the tender, it must be confirmed that the tenderer will be sending the requested reporting every month, but also that the reporting can be delivered ad hoc, if requested.

In addition, it must be confirmed that the report contains at least the following information:

- Time-weighted and money-weighted returns for "year-to-date", last month and for the current quarter and always after costs.
- Portfolio allocation by asset classes
- Change in the total value of assets including changes in market values corrected for deposits and disbursements
- Returns shown per asset class and shown including realised and unrealized returns
- Comparison to benchmark
- Overview of total costs for the asset management

2.12 Trade confirmation (minimum requirement)

The tenderer must confirm that trade confirmations are sent right after the trade executions and that the trade confirmations are sent electronically or are available on the tenderer's online platform. In addition, the tenderer must confirm that all trade confirmations are always sent from the same institution.

2.13 Costs in case of termination of contract (minimum requirement)

The tenderer must confirm that no costs will apply if The North Denmark Region terminates the contract with the tenderer. Conversely, The North Denmark Region confirms that the tenderer shall not bear any external costs on behalf of The North Denmark Region in case of a future change of tenderer. This applies if the change is due to normal causes, such as expiration of the contract period, or if the termination is caused by circumstances that cannot be the tenderer's responsibility.

2.14 Tenderer's requirements for documentation- KYC/know your customer (minimum requirement)

The tenderer must confirm that the documentation requirements that The North Denmark Region must provide is described in the tender if a new customer relationship needs to be established. The content of this paragraph is not included in the evaluation of the tender, as it serves the sole purpose of allowing The North Denmark Region to prepare the necessary documents in good time.

2.15 Investment portfolio for public information (minimum requirements)

The tenderer must confirm that every quarter, or when needed, a list containing the whole investment portfolio will be submitted to The North Denmark Region and that the tenderer allows The North Denmark Region to publish the lists. The investment portfolio lists must, per security, include the name of security, industry, country, percentage of allocation, and the investment size.

2.16 Service in case of negative return from portfolio (minimum requirement)

The tenderer must confirm that The North Denmark Region shall be informed if the portfolio represents a loss of -0.25 pct. for the actual month. If the accumulated loss for the portfolio exceeds 3 pct. for the actual calendar year, measured from the highest point within the same actual calendar year, the tenderer is also obliged to inform The North Denmark Region.

2.17 Custody of securities free of charge (minimum requirement)

If the tenderer cannot offer an in-house custody for securities free of charge for The North Denmark Region, the tender must include this service free of charge at another custodian bank. The related cash account must also be free of charge, though if the tenderer does not offer this service, the tenderer must facilitate a cash account at another bank free of charge, and the chosen bank must be defined as systemically important or under direct supervision by the European Central Bank.

3 Selection Criteria

If the submitted tender provided by the tenderer shows that the tender does not meet the minimum selection criteria described in this request for tender document, The North Denmark Region will not be able to take the submitted tender into consideration.

Upon receipt of tenders, the submitted tenders will initially be checked to see whether the tender documentation is conditionally correct and whether the tenderer fulfils the selection criteria, which means that the following bullets are controlled:

- The tender was received in a timely manner
- The tender contains the required documentation and information
- No reservation is made concerning basic elements in the request for tender documents
- The tender meets all the minimum requirements

If one or more of the above bullets are not met, the tender will not, as a rule, be included in the evaluation. The North Denmark Region is entitled, but not obliged, to obtain missing information if this can be done in accordance with section 159 (1) of the Tendering Act. 5th sub-clause

3.1 Fulfilment of eligibility criteria

The tenderer must provide the following:

- Documentation that the tenderer is authorized to conduct the requested service in Denmark.
- A reference list that contains at least 3 references of existing customers of the tenderer. The tenderer must have managed a portfolio worth at least DKK 125 million for each of the 3 references and at least during the past 3 years per reference.
- Completed "Declaration of exclusion grounds"

4 Award criterion and point allocation in the evaluation model

The award criterion will be "the most economically advantageous tender" for The North Denmark Region based on the following 3 criteria:

- | | |
|---------------|---|
| • Quality | 50 pct. weighting of all points in the evaluation model |
| • Total costs | 40 pct. weighting of all points in the evaluation model |
| • ESG | 10 pct. weighting of all points in the evaluation model |

The tenders with the highest number of points in the evaluation model will be awarded with an asset management contract with The North Denmark Region. The tenderer may be awarded a maximum of one contract in the two simultaneous tenders, cf. paragraph 1.1.

The received tenders are evaluated on a total scale of 0 to 100 points.

4.1 Quality (50 pct. weighting of all points in the evaluation model)

This partial evaluation is based on the following information:

- The tenderer shall attach a curriculum vitae of the persons who will be responsible for the future management of the portfolio for The North Denmark Region.
The evaluation will weigh experience and insight of the relevant persons that work within the tenderer's organisation with the financial risks and products that are part of the asset management carried out on behalf of The North Denmark Region. The main emphasis also includes education, as well as experience with, and insight into managing assets for clients with a similar risk profiles as The North Denmark Region. The evaluation also includes which back-up the tenderer's organisation will offer in case of the relevant persons' absence.
- The tenderer shall explain its investment strategies concerning the relevant asset classes and whether there have been any changes to these over the past 3 years. In case of significant changes, the history must go back 5 years. The causes and reasons for the eventual changes should be explained.
The evaluation will weigh how the tenderer explains and argues for the choice of investment strategy as well as any possible changes in the investment strategy.
- The internal control at the tenderer concerning matters that are in the interest of The North Denmark Region should be described.
The evaluation will weigh how the tenderer's "Best Execution" policy and The North Denmark Region's allocation limits, SRI/ESG guidelines, etc. are complied with. This should include how the control is carried out before, during and after trading/execution on behalf of The North Denmark Region
- The tenderer should disclose the AUM (in Danish kroner) that the tenderer has under management within the asset classes that are included in the mandate for The Northern Denmark Region (not Danish bonds). The volume disclosed shall only include AUM from discretionary asset management mandates and not AUM from other activities.

- The tender should include a brief description of the future planned investment strategy for The North Denmark Region's portfolio.
The evaluation will weigh on how the tenderer explains and argues for the choice of investment strategy.
- For the past 5 years (the years 2015 to 2019), the tenderer should disclose the absolute returns per year for the relevant asset classes that the tenderer has generated for other clients with discretionary mandates (by request the tenderer should be able to document the information). A return that is enhanced by a leverage cannot be used as reference. The returns for investment grade and high yield corporate bonds shall be shown in EUR or DKK. Returns for emerging market bonds shall be shown in 50 pct. local currency and 50 pct. EUR or DKK.
- For the past 5 years (the years 2015 to 2019), the yearly absolute return should be disclosed for a portfolio that corresponds with a portfolio similar to The North Denmark Region's portfolio. A return that is enhanced by a leverage cannot be used as reference. The returns for investment grade and high yield corporate bonds shall be shown in EUR or DKK. Returns for emerging market bonds shall be shown in 50 pct. local currency and 50 pct. EUR or DKK.
- For the past 5 years (the years 2015 to 2019) the monthly observations of the "Information Ratio" must be disclosed for a risk and portfolio that is comparable to the asset classes that are included in The North Denmark Region's portfolio (not Danish bonds).

In the evaluation model, the returns from recent years outweigh the returns from the earlier years of the reference period. Where the evaluation model includes a weighting of asset classes in the evaluation, the similar weighting from the cost calculation is used.

In the partial evaluation of quality, the points are awarded on the following scale:

Highest quality:	100 pct. of the points are awarded for the sub-criterion
Good quality:	50 pct. of the points are awarded for the sub-criterion
Above average quality:	25 pct. of the points are awarded for the sub-criterion
Average and below:	0 pct. of the points are awarded for the sub-criterion

4.2 Total costs (40 pct. weighting of all points in the evaluation model)

This partial evaluation is based on the following information:

- The total costs submitted in the Excel Tender Sheet (Appendix 1), which is explained in detail in paragraph 8 and 8.2.

The tenderer must confirm that the stated costs are valid for the entire contract period and must state if there is a change in the cost structure when changing the size of the capital under management.

4.3 The use of ESG in responsible investments (10 pct. weighting of all points in the evaluation model)

This partial evaluation is based on the following information:

- The tender must include a description of how the tenderer screens the investment portfolio for excluded investments in accordance with the responsible investment rules in the financial strategy/investment strategy.
The evaluation will weigh whether the tender contains a description of the entire process, including which work procedures the tenderer handles internally, and which are outsourced to an external supplier. In addition, it is important for the evaluation if the tenderer inhouse carries out an audit of the work done by the external supplier. It will weigh positively if the tender includes a description of how excluded investments are identified during the period between regular scheduled screenings. If the selection of securities is done according to the ESG methodology, this will be weighed positively.
- The tender must include a description of the service provided by the tenderer in the event of an incident where the investment portfolio contains one or more investments, which should have been excluded in the screening.
The evaluation will weigh which internal procedures at the tenderer, that comes into force, and how the following communication to the municipality takes place, in case of an incident. In addition, it is important for the evaluation to identify which service the tender can provide in dealing with the press, in case of inquiries along that way.

In the partial evaluation of ESG the points are awarded on the following scale:

Highest quality:	100 pct. of the points are awarded for the sub-criterion
Good quality:	50 pct. of the points are awarded for the sub-criterion
Above average quality:	25 pct. of the points are awarded for the sub-criterion
Average and below:	0 pct. of the points are awarded for the sub-criterion

5 Subject to ground for exclusion

In this section, several exclusion grounds are listed, and therefore, the tenderer must confirm their suitability and ensure that they are not subject to grounds for exclusion. For this reason, the tenderer must complete the declaration attached as appendix 3 to the request for tender documents (it is a modified ESPD document). Appendix 3a is a Danish version and 3b an English version.

The exclusion grounds become valid if the tenderer, within the last 4 years prior to the deadline for submitting the tender, has received:

- Judgment or adopted a fine for being in a criminal organisation according to section 135 (1) of the Public Procurement Act. 1, No. 1
- Judgment or adopted a fine for bribery, cf. 1, No. 2
- Judgment or adopted a fine for fraud, pursuant to section 135 (1) of the Offering Act. 1, No. 3
- Judgment or imposed a fine for being involved in acts of terrorism, cf. 1, No. 4
- Judgment or adopted a fine for money laundering or terrorist financing, cf. 1, No. 5
- Judgment or adopted a fine for child labour or human trafficking, cf. 1, No. 6.

Furthermore, there is ground for exclusion if the tenderer has overdue debt of DKK 100,000 or more to public authorities in Denmark or in the country where the tenderer's business is established. If the tenderer has provided collateral for the payment of part of the debt in excess of DKK 100,000, or the tenderer has entered into an agreement with the relevant authority through a settlement scheme and this has been complied with, The North Denmark Region will not make use of the exclusion grounds.

There is also ground for exclusion if there is a distortion of competition or a conflict of interest that cannot be resolved (cf. section 136 of the Tendering Act).

Finally, the following grounds for exclusion also applies:

- The tenderer must confirm that the tenderer has not been convicted by a Danish court for tax evasion nor participated in tax evasion within the last 4 years (prior to the deadline for submitting the tender). This applies to all legal entities that are part of the group to which the tenderer belongs but limited to the legal entities where the tenderers group has (or has had) an ownership interest of at least 50%.

If a tenderer is excluded for reasons mentioned in this section, the tenderer is granted the opportunity to prove its reliability within a reasonable time.

In this request for tender, the tenderer will be notified of its possible exclusion by 28th May 2020, with the deadline for submitting the tenderer's documentation for being reliable by 4th June 2020

In connection with the selection of the winning tenderers, The North Denmark Region may request further documentation regarding the information provided in the completed and enclosed declaration (Appendix 3a / 3b).

6 Content of the tender (minimum requirements)

Tenders must answer all paragraphs where replies are requested in this document, including the completion of the tender price sheet (Appendix 1a / 1b). The information in the tender is requested to be organised in the same order as in the request for tender documents.

All documentation regarding the "selection criteria" must be enclosed with the submitted tender. Documentation should only be included where it is explicitly requested.

The submitted tender should be in one document with continuous page numbering, as well as a content that follows the structure in the request for tender document. However, the tenderer can choose to include in-depth information in appendixes. The cost proposal in the tender documentation must be enclosed as a standalone Excel tender price sheet (Appendix 2) that is not locked (for the sake of completeness, the tenderer can choose to include the sheet in PDF format).

The content of the tender should be as follows:

Section A

Introduction, including information about the tenderer's name, address, VAT number/registration number and contact person (including email and phone number).

Confirmation of validity period of the tenderer's tender (6 months from the deadline for submitting the tender)

Section B

Executive summary of the tender. This section must contain a brief description of the tender's main elements.

Section C

Information according to selection criteria, including:

Documentation stating that the tenderer is allowed to offer its services in Denmark

Confirm that trade confirmations are always sent from the same institution

Documentation for custodian bank free of charge, if needed

References

Section D

Award criteria containing the answers to the 3 sub-criteria:

Quality

Total costs

ESG

Section E

Filled Excel price tender sheet:

Total costs (Appendix 1)

Section F

If relevant, supplementary material referred to in the tender material

7 Decision procedure and time schedule for the tender process

7.1 Decision-making procedure

All submitted tenders will be processed by The North Denmark Region's Center for Administration & Accounting in collaboration with Lundgreen's Capital. A contract is valid when The North Denmark Region and the tenderer have signed the contract.

7.2 Time schedule for the tender process

The dates below are preliminary and can be subject to change

Publication of the request for tender	21 st April 2020
Deadline for submission of questions	11 th May 2020
Deadline for answering questions	15 th May 2020
Deadline for submission of tenders	27 th May 2020 at 12.00 noon CET
Announcement of results	5 th June 2020
Expiry of standstill period	Week 25
Signing of contract	Week 26
Start of contract period	1 st July 2020

8 Information about the assignment

Please note the total costs for the asset management must be submitted in the separate Excel tender price sheet (Appendix 1a/1b). The information must include the annualised total costs for the asset management including all costs associated with the asset management.

All prices quoted must be in Danish kroner (DKK) exclusive of VAT.

Concerning The North Denmark Region's overall investment universe, it should be mentioned that the combined investment portfolios represent what is described in the financial policy/investment strategy, and it should be noted that the investment limits are fully utilised. An allocation of 85 pct. of the total assets under management are handled by 2 other mandates that may solely be allocated to Danish government and mortgage bonds and global stocks, and possibly cash.

8.1 Capital under management and investment limits for this specific mandate

The North Denmark Region intends to enter into one contract with one asset manager. The initial amount to be managed is DKK 225 million.

The management must be done without payment of fees for custodian and accounting services or other fees to the tenderer, apart from the management fee for the asset management. Other minor fees to third party clearing houses etc., The North Denmark Region will accept to pay.

If the tenderer has other specified costs in connection with the security trading for The North Denmark Region, these will also be paid by The North Denmark Region, though these costs should be submitted in the Excel tender price sheet (Appendix 1a/1b).

The tenderer is expected to submit tenders that respect, and are in line with The North Denmark Region's requirements to socially responsible investments, as outlined in the financial strategy/investment strategy (Appendix 2a / 2b)

The allocation limits for the capital under management for this mandate are:

Asset Class	Investment Limit
Cash	Up to 2 to 5 pct. of total capital (see below)
Danish bonds	0 - 100 pct. (though solely under certain circumstances)
Emerging markets bonds	0 - 100 pct.
Investment grade corporate bonds	0 - 100 pct.
High yield corporate bonds	0 - 100 pct.

The modified duration for the Danish bond portfolio must be from 0 to 5 years, due to the financial strategy/investment policy, although there is currently a temporary limit of 4 years for the duration.

The allocation for this asset management mandate amounts to 15 pct. of The North Denmark Region's total capital under management.

The North Denmark Region accepts that the tenderer can have up to 2 pct. of the managed capital in cash on an account at any time. If the cash account is with a bank that, at minimum, has a long-term

credit rating of single A at Standard & Poor's or a similar long-term credit rating at Moody's or Fitch, the tenderer may have 5 pct. of the managed capital allocated to cash for up to 14 calendar days, thereafter, the 2 pct. rule applies.

It is emphasised that the allocation for this mandate should not include the allocation to Danish government or mortgage bonds. This solution should only be utilised under very special circumstances, though if it happens, the allocation must be to individual ISIN security codes and not to a mutual fund.

The asset management for The North Denmark Region must follow "Order on the Investment and Management of the Foundations' Capital" (The binding Danish version is found in appendix 6a with a non-committal English version attached as appendix 6b). This has the implication that investments in the asset classes investment grade and high yield corporate bonds and emerging market bonds must be undertaken via UCITS funds that fulfil the requirements explained in the order. For this reason, the tenderer must confirm that The North Denmark Region is allowed (accordingly to the order Appendix 6a/6b) to invest in the funds proposed in the tender.

The North Denmark Region accepts the tenderer uses ETFs (Exchange Traded Funds) if they are allowed to use according to the order (Appendix 6a / 6b). However, the tenderer must confirm in the tender that this does not entail a restriction on the investment universe. If the tenderer submits an offer based on the use of ETFs, the investment universe must, for example, not be limited to a few sectors, to avoid a conflict with the socially responsible investment requirements. To ensure comparable pricing, then a tender based on the use of ETFs implicate that the investment portfolio has the same allocation to ETFs throughout the contract period.

8.2 Quotation of the total costs for the asset management service

The tender must include an annualised cost calculation, which must be submitted by using the Excel tender price sheet (Appendix 1a/1b). The yearly management fee (in DKK) to the tenderer must be included in the price submission. Concerning the UCITS funds in the proposed portfolio, the yearly ongoing administration costs must be stated, where the latest calculated annual cost percentage must be used and converted into DKK when submitted.

The yearly costs for the fund administration should not include the costs for entering and exiting the fund. These costs must be shown separately in the tender price sheet, where the combined maximum entry and exit cost, for 1 entry and 1 exit, must be divided by 4, and this net sum should be submitted in the tender sheet (in DKK).

In the tender sheet, it must be stated how much of the costs incurred will be reimbursed to The North Denmark Region. The total net sum, including the management fee to the tenderer, must correspond with the yearly costs for having the capital managed by the tenderer.

The indirect trading costs for the proposed UCITS funds that are defined according to the MiFID II regulation are not required to be stated in the tender and are not included in the cost calculation nor the evaluation model. If the tenderer considers that the tender must contain this information in order to comply with the MiFID II regulation, this will be seen as conditionally correct. However, the information is not used in the evaluation model, and for this reason, the request for tender does not require to have the indirect trading costs disclosed.

The total cost information must be calculated on the assumption of a 100 pct. allocation of the capital under management when the tender is submitted. The allocation used when submitting the total cost information in the Excel tender price sheet must follow the below allocation:

- 20 pct. in investment grade corporate bonds
- 40 pct. in high yield corporate bonds
- 40 pct. in emerging market bonds

It should be mentioned that the above allocation is intended solely to ensure comparability in the submitted tenders and does not express a benchmark for