



European Commission
Enterprise & Industry Directorate General

CALL FOR PROPOSALS

**Building the capacity of investment actors to analyse
and use environmental, social and governance
information**

5/G/ENT/CIP/11/E/N02S003

GRANT PROGRAMME 2011

The present call for proposals is composed of a set of Grant Submission Documents,
which form an integral part of this call:

The call for proposals,
The Guide for Submission
The Submission Set

The terms set out in the call for proposals document shall take precedence over those in
the other parts of the Grant Submission Documents.

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INTERESTED PARTIES ARE INVITED TO READ CAREFULLY THE BELOW INSTRUCTIONS, AND TO USE THE QUESTIONNAIRE PROVIDED IN CHAPTER II OF THE GUIDE FOR SUBMISSION IN ORDER TO ENSURE THAT APPLICATIONS ARE COMPLETE WHEN SUBMITTED.

1. CONTEXT

The European Union has a strong interest in supporting the further integration of sustainability and corporate social responsibility into enterprise strategies and operations. This will be important to the achievement of the EU's economic, social and environmental objectives. The ability to create social and environmental value will have a growing influence on the financial success of enterprises. The European Commission's 2010 Industrial Policy Communication noted that "the financial crisis showed a new approach is needed to the balance between short-term profit maximisation and sustainable value creation in the longer run."

In the Europe 2020 Strategy adopted in 2010, the European Commission made a commitment to "renew the EU strategy to promote Corporate Social Responsibility as a key element in ensuring long term employee and consumer trust".¹ In keeping with this commitment, the Commission will put forward a new policy initiative on corporate social responsibility later this year.

The extent that investment actors take account of environmental, social and governance (ESG) performance of companies is one determinant of the seriousness with which investee companies manage these issues. The more attention that asset owners, asset managers and analysts pay to ESG information, the greater their influence in terms of driving more responsible and sustainable business. Within the investment community, asset owners, including pension funds, are in a powerful position to influence the practices of asset managers and analysts.

At the same time, it has been suggested that market actors would value companies more accurately if they took better account of ESG and other non-financial information.² The socially responsible investment sector (SRI) by definition uses aspects of ESG performance as criteria for investment decisions. A number of leading mainstream funds (non SRI) have developed targets and methodologies for the better integration of ESG information. Some 800 investment institutions have signed the United Nations Principles for Responsible Investment, according to which they commit to integrating ESG issues into investment analysis and decision-making processes.

In spite of this progress, many mainstream investment actors still fail systematically to integrate ESG information into their valuation of companies. This may be for a number of reasons, including force of culture and habit, lack of widely applicable evidence of the effect of ESG performance on financial performance, lack of appropriate ESG information from investee companies, and lack of the necessary skills and methodologies to integrate such information into valuation models even when it is available.

It is in the public interest, as well in the particular interests of the investment community, to ensure that the market values companies as accurately as possible, including by better integrating relevant ESG information into investment decisions. In the Single Market Act, adopted in October 2010, the European Commission proposed that attention would need to be given to "facilitating more accurate valuation of businesses by the financial markets."

The Single Market Act also announced the launch of a public consultation on company disclosure of social and environmental information, indicating that this consultation could result in new legislative proposals.³ The consultation in question ran from October 2010 to January 2011.⁴ The European Commission is

¹ See page 17 of the Communication of the European Commission "Europe 2020 : s strategy for smart, sustainable and inclusive growth", COM2010(2020) Final
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

² See for example the report of Laboratory on Valuing Non-Financial Performance, part of the European Alliance on Corporate Social Responsibility (CSR) www.csreurope.org/data/files/toolbox/Market_valuation_final_report_beta.pdf

³ See page p.27, proposal number 38, of the Communication of the European Commission "Towards a Single Market Act", COM2010(608) Final
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0608:REV1:EN:PDF#page=2>

⁴ See http://ec.europa.eu/internal_market/consultations/2010/non-financial_reporting_en.htm

currently analysing the results of that consultation with the aim of making proposals for the further development of policy on this issue. These consultations are taking place at a time when the concept of integrated financial and non-financial reporting is attracting growing attention from enterprises and other stakeholders, driven in particular by the work of the International Integrated Reporting Committee.⁵

If there is a trend towards better disclosure of ESG information, and also towards integrated reporting, then it is important that the investment community builds a corresponding capacity to better use ESG information, including a greater capacity for integrated analysis.

2. OBJECTIVE OF THE CALL

The overall objective of this call for proposals is to enhance market reward for sustainable and socially responsible enterprises, so facilitating the transition towards a sustainable economy.

The specific objective is to build the capacity of mainstream investment actors to better integrate environmental, social and governance information into their valuations of enterprises. This call for proposals is also an opportunity for the investment community to further align its practices with the expectations of European public policy.

Possible activities could include :

- The development of teaching or training modules on the valuation of ESG performance and their integration into the professional qualifications of financial analysts and/or into other relevant curricula. This might include, for example, the development of case studies for teaching and training purposes.
- The establishment of a network or academy (virtual or real) to support the better integration of ESG information into market valuations of companies.

This description of possible activities is indicative only. Proposals are not required to cover either or both the activities listed above, and applicants are encouraged to propose other activities consistent with the aims and objectives of this call.

In order to have the required systemic impact, this call for proposals is targeted at the mainstream investment community and not at the socially responsible investment (SRI) sector. The intention is not to provide further training for specialised SRI or ESG analysts. It is however understood that in practice there is some overlap between “mainstream” and “SRI”. Additionally, activities to be financed could include some transfer of knowledge and expertise from the SRI sector to the mainstream.

Organisations intending to submit a proposal are encouraged to consider whether and how partnerships with other organisations can help to achieve the desired objectives. They are also encouraged to consider whether the involvement of investee companies, especially professionals from the investor relations function, may help to achieve the objectives of the call.

The selected proposal should have a significant impact on the investment community across the European Union and possibly beyond. Organisations intending to submit a proposal are encouraged to consider how to engage actors from a variety of different EU Member States and how to ensure wide dissemination of results.

Applicants are strongly encouraged to refer to annex 3 of this document, which indicates the criteria likely to be used by the European Commission to evaluate proposals.

⁵ See www.integratedreporting.org

3. TIMETABLE

- | | |
|-----|--|
| (1) | Scheduled start-up date for the action: December 2011 |
| (2) | Maximum duration of action is: 24 months . Please note that this is a maximum duration, and proposals for actions with a duration for less than 24 months are also allowed. |

The intention is to inform applicants of the outcome of the award procedure no later than October 2011.

The period of eligibility of costs will start on the first day of the month following the signature of the grant agreement by the last of the parties. If a beneficiary can demonstrate the need to start the action before the agreement is signed, expenditure may be authorised before the agreement is signed. Under no circumstances can the eligibility period start before the date of submission of the grant application.

4. EU FINANCING

The **maximum budget** allocated from the CIP⁶ financing decision C(2011)91 adopted 18/01/2011 for this call for proposals is **€250.000**.

Indicative number of projects: 1.

- | |
|---|
| <ul style="list-style-type: none">• Maximum EU co-financing rate of eligible costs: 50 %• Maximum European Union co-financing ceiling per project: €250.000 <p>Proposals with a EU co-financing beyond any of the above two maxima will be ineligible. Please refer to section 5 below.</p> |
|---|

- Please note that one action may give rise to the award of only one grant from the European Union budget to any one beneficiary.
- EU financing can never cover 100 % of the costs of an action.
- The Commission reserves the right to award a grant of less than the amount requested by the applicant. In such a case, beneficiaries proposed for award will be proposed either to increase their co-financing, propose other co-financing means or to decrease the total costs without altering the substance of the proposal. Grants will not be awarded for more than the amount requested.
- The publication (on the Internet site and/or in the Official Journal) does not guarantee the availability of funds for the above action.
- The Commission grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of receipts over costs. The amount of the grant will be reduced by the amount of any surplus.

4.1. CO-FINANCING AND JOINT AND SEVERAL RESPONSIBILITY

The beneficiary shall supply evidence of the co-financing provided. It can be provided either by way of own resources, or in the form of financial transfers from third parties. **For this call for proposals, the Commission does not accept co-financing in kind.**

In case where a multi-beneficiary agreement is possible or required, all partners shall agree upon appropriate arrangements between themselves for the proper performance of the action.

⁶ [CIP = Competitiveness and Innovation Framework Programme - Entrepreneurship and Innovation Programme under European Parliament and Council Decision No 1639/2006/EC establishing a Competitiveness and Innovation Framework Programme \(2007-2013\)](#)

In particular, they shall accept the joint and several responsibility for any amount due to the Commission by anyone of them as stipulated in article II.18 of the grant agreement.

The final grant agreement shall be signed by each participating co-beneficiary unless a power of attorney is conferred to the appointed co-ordinator (Form A/4 of the submission set).

4.2. SUBCONTRACTING

Only a limited part of the project may be subcontracted, up to **75%** of the eligible costs.

Subcontracting does not limit the responsibilities of beneficiaries.

Please note that the beneficiary(ies) has(have) to have the necessary capacity to perform the project. Only tasks that are not core business can be sub-contracted to consultants.

Please refer to the guide for submission (page 28) for further details on subcontracting.

4.3. PAYMENT ARRANGEMENTS

The draft grant agreement annexed to this call for proposals specifies the payment arrangements in article I.5 for multiple beneficiary agreements. The agreement is attached for information only, and should not be submitted with the proposal.

Your attention is in particular drawn to part B of the General Conditions, article II.14, where the eligibility of costs is described. These costs are also further explained in chapter VI of the Guide for Submission.

5. ELIGIBILITY

APPLICATIONS MUST COMPLY WITH ALL OF THE ELIGIBILITY CRITERIA SET OUT IN THIS SECTION.

5.1. GEOGRAPHICAL ELIGIBILITY

Applications from legal entities established in one of the following countries are eligible:

- (1) EU Member States
- (2) European Free Trade Association countries (EFTA) which are members of the European Economic Area (EEA) in accordance with the conditions laid down in the EEA Agreement: Norway, Iceland, Liechtenstein
- (3) Candidate countries: Croatia, the former Yugoslav Republic of Macedonia, Turkey
- (4) Other countries:
 - countries from the Western Balkans, in accordance with the provisions to be determined with those countries following the establishment of Framework Agreements concerning their participation in Community programmes: Albania, Montenegro and Serbia;
 - third countries, when agreements and procedures so allow: Israel.

The participation of partners from other countries is allowed, but it will not be considered as concurring to the eligible costs.

The Commission may select proposals from applicants in EFTA/EEA countries or candidate countries, provided that, on the date of selection, agreements have been signed setting out the arrangements for the participation of those countries in the programme established by the Decision referred to under point 1 of this call.

5.2. LEGAL STATUS ELIGIBILITY

In what follows “partners” are to be understood as any potential co-signatory of the future grant agreement subject to this call, and as proposed by the applicant co-ordinator.

1. Applicants may act individually or in consortium with partner organisations. In the submission set, you will find two different types of grant agreement for reference.
2. Partners of the lead organisation must satisfy the same eligibility criteria as those for applicants; the applicant will be the coordinator.
3. Applications must be submitted by a legal person.
4. Applicants (lead organisation and any partner organisations) must correspond to the definition of the following target organisations :
 - **Professional association of financial analysts or other professional association relevant to the investment field**
 - **Pension fund, other investment fund, bank, asset manager or rating agency**
 - **Association of pension funds, other investment funds, banks, asset managers or rating agencies**
 - **Individual private or public company**
 - **Employers’ association, business network or sector-based business association**
 - **Business school or other educational establishment or network**
 - **Non-governmental organisation**
 - **Public authority**
 - **International organisation**
5. Corporate bodies must be properly constituted and registered under the law. If a body or organisation is not constituted under the law, a physical person must be designated to provide the legal responsibility.
6. In addition to the lead applicant and any partner organisations, other organisations (associates) may be involved in the action. Such associates play a real role in the action but may not receive funding from the grant with the exception of per diem and travel costs. Associates do not have to meet the eligibility criteria referred to in this section. Associates should, however, be clearly identified in the proposal and should sign a letter of intention addressed to the lead applicant, which should be annexed to the proposal.

5.3. EXCLUSION CRITERIA

By using the “Exclusion Criteria Form” (form D attached to the “Submission Set) applicants shall declare on their honour that they are not in one of the situations referred to in Articles 93 and 94 of the Financial Regulation.

Please note that, according to articles 96 and 114 of the Financial Regulation applicable to the general budget of the European Communities and according to article 134b of the Commission Regulation (EC, Euratom) n° 2342/2002 of 23 December 2002⁷ laying down detailed rules for the implementation of Council Regulation (EC, Euratom) n° 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities⁸, administrative and financial penalties may be imposed by the Commission on applicants who are excluded in relation to points a) to h) of the form in question.

⁷ As amended by Commission Regulation 1261/2005 of 20 July 2005, Commission Regulation 1248/2006 of 7 August 2006 and Commission Regulation 478/2007 of 23 April 2007

⁸ As amended by Council Regulation 1995/2006 of 13 December 2006

5.4. ELIGIBLE PROPOSALS

Applications must comply with the following conditions in order to be eligible for a grant:

1. Applications must be signed, dated and complete, using the standard submission set. All forms must be submitted in their original form with original signatures;
2. Applications must be submitted on time, in conformity with the specifications for the submission of proposals (see point 8 below) ;
3. Only projects that are strictly non-profit-making and/or whose immediate objective is non-commercial shall be eligible.
4. Applications must respect the maximum EC contribution as laid out in section 4.
5. Applications must respect the maximum duration of projects (see section 4).
6. Applications must be in line with the scheduled start date.
7. Applications may not include contributions in kind as part of their co-financing.

In this context, any project directly or indirectly contrary to EU policy or against public health, human rights, citizen's security or freedom of expression, will be rejected.

6. SELECTION

The following sets out the basis for the evaluation of applicants' capacities in relation to the action. Please refer also to chapter IV of the Guide for Submission for further details.

6.1. APPLICANTS' FINANCIAL CAPACITY TO COMPLETE THE PROPOSED ACTION

Applicants must show they have stable and sufficient sources of funding to ensure the continuity of their organisation throughout the project and, if necessary, to play a part in financing it.

6.2. EXTERNAL AUDIT REPORTS

Not Applicable

6.3. APPLICANTS' OPERATIONAL CAPACITY TO COMPLETE THE PROPOSED ACTION

Applicants must show they have the **operational (technical and management) capacity** to complete the operation to be supported and must **demonstrate their capacity to manage scale activity** corresponding to the size of the project for which the grant is requested. In particular, the **team responsible** for the project/operation must have **adequate professional qualifications and experience**.

7. AWARD

An evaluation of the quality of proposals, including the proposed budget, will be carried out in accordance with the evaluation criteria set out in annex 3 to this call for proposals.

The complete selection and evaluation procedure is described in chapter IV of the Guide for Submission in annex 2.

8. SUBMISSION OF PROPOSALS

Please note that electronic submissions are not allowed for this call.

Please consult chapter I of the Guide for Submission for the modalities of preparing the proposal.

Furthermore, and superseding the information given in chapter I.2 (iv) of the Guide for submissions, one original and three copies of the proposal must be placed inside an envelope, which is then placed inside a second envelope. The shipment must also contain one CD-rom or DVD with electronic version of the proposal and all supporting documents [technical part (WORD or similar) and financial part (EXCEL)].

The deadline for submission of proposals is :

20/05/2011

Applicants shall observe precisely the below indications in order that proposals can reach their precise destination in due time.

Proposals may be :

a) **either sent by registered mail**, (date of postmark serving as evidence of timely delivery); to the following address:

European Commission
Enterprise and Industry Directorate-General
Call for proposals No: 5/G/ENT/CIP/11/E/N02S003
Directorate F: Tourism, CSR, Consumer Goods and International Regulatory Agreements
Unit F2 : Small businesses, Cooperatives, Mutuels, Corporate Social Responsibility
B 100 4/28
B-1049 Brussels, Belgium

b) **or sent by courier services** (date of deposit slip serving as evidence of timely delivery), to the address below,

c) **or delivered by hand**, in person or by an authorised representative (date of acknowledgement of receipt by the Commission serving as evidence of timely delivery) to the following address:

European Commission
Enterprise and Industry Directorate-General
Call for proposals No: 5/G/ENT/CIP/11/E/N02S003
Directorate F: Tourism, CSR, Consumer Goods and International Regulatory Agreements
Unit F2 : Small businesses, Cooperatives, Mutuels, Corporate Social Responsibility
B 100 4/28
Service central de réception du courrier
Avenue du Bourget, 1-3
B-1140 Bruxelles, Belgique

How to reach avenue du Bourget 1-3 : http://ec.europa.eu/enterprise/calls/hand_delivery.html

In case of hand-delivery, a receipt must be obtained as proof of submission, signed and dated by the official in the Commission's central mail department who took delivery. This department is open from 08.00 to 17.00 from Monday to Thursday and from 08.00 to 16.00 on Friday; it is closed on Saturdays, Sundays and Commission holidays.

Please note that for security reasons hand deliveries (including courier services) are not accepted in other Commission buildings.

9. CONTACTS

Contacts between the contracting authority and potential applicants can only take place in certain circumstances and under the following conditions:

- Before the final date for submission of proposals, at the request of the applicant, the Commission may provide additional information solely for the purpose of clarifying the nature of the call.

Any requests for additional information must be made in writing only to the coordinates stated below.

The Commission may, on its own initiative, inform interested parties of any error, inaccuracy, omission or other clerical error in the text of the call for proposals.

Any additional information including that referred to above will be published on the internet in concordance with the various call for proposals documents.

- After the deadline for submission of proposals:
- If clarification is requested or if obvious clerical errors in the proposal need to be corrected, the Commission may contact the applicant provided the terms of the proposal are not modified as a result.
- If the authorising officer finds that those proposals, which have been listed for award needs limited adaptations to their proposal. In such case, these applicants will receive a formal letter setting out the requested modifications. Any such modifications must stay within the limits of the request. This phase will not lead to a re-evaluation of the proposals, but a proposal might be rejected if refusing to ensure a positive follow-up to the request.

Contact coordinates for the call:

European Commission Enterprise and Industry Directorate-General Directorate F: Tourism, CSR, Consumer Goods and International Regulatory Agreements Financial Team E-mail address: entr-cfp-1105-esg-invest@ec.europa.eu Office address: (B100 4/28 - B-1049 Brussels, Belgium)

10. ANNEX 1 SUBMISSION SET

The Submission Set can be downloaded from the following page: <http://ec.europa.eu/enterprise/contracts-grants/calls-for-proposals/>

11. ANNEX 2 GUIDE FOR SUBMISSION

The Guide for Submission can be downloaded from the following page: <http://ec.europa.eu/enterprise/contracts-grants/calls-for-proposals/>

12. ANNEX 3 EVALUATION CRITERIA

13. ANNEX 4 DRAFT GRANT AGREEMENT

Annex 3 Evaluation Criteria

When assessing the below evaluation criteria, the evaluation committee generally pays attention to the elements indicated below each criterion. Please note that these elements, which are indicative and non-exhaustive, are given on the basis of transparency and in order to help applicants to improve their applications.

Evaluation criteria and key elements likely to be assessed by the evaluation committee	Max. Score
1. Relevance	20
Does the proposal focus on building the capacity of mainstream investment actors to better integrate environmental, social and governance (ESG) information into their valuation of companies?	20
2. Visibility	5
Will EC involvement in the project or activity be publicised, and to what extent would the EC benefit from being publicly associated with the project?	5
3. Impact	35
Will the proposal have a significant impact on the capacity of mainstream investment actors to better integrate ESG information into their valuation of companies?	30
Will the proposal have a significant impact across a number of different European countries?	5
4. Quality	20
How coherent is the overall project design? To what extent has the proposal been well thought-out? Is there a logical consistency between the justification, the proposed activities and the expected impact?	5
Are the different activities clearly described, in enough detail to understand exactly what the project will do?	5
Does the proposal contain objectively verifiable indicators for project outcomes and impact?	5
To what extent does the proposal contain specific elements of added value, such as innovative approaches, models for good practice, promotion of gender equality and equal opportunities?	5
5. Budget and Cost-effectiveness	20
To what extent is the budget clear and detailed?	10
To what extent is the budget reasonable in relation to the expected results?	10
Maximum total score	100

If a total score lower than **70** points or a score lower than 50% for any of the above five criteria is obtained, the proposal will not be evaluated further.

Annex 4 Draft Grant Agreement