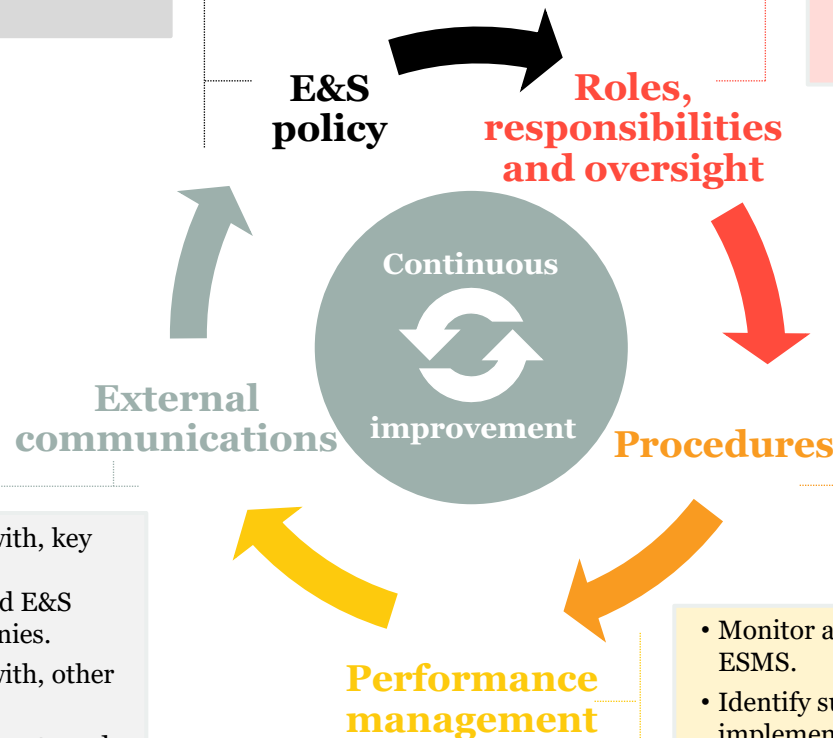


Components of a Financial Institution's (FI's) E&S management system (ESMS)

- Articulates the fund's E&S investment principles and commitments.
- Defines the E&S requirements and standards to be applied.
- Endorsed by senior management.
- Communicated to staff and, in some cases, to external stakeholders.

- Assign and document senior accountability for oversight of the ESMS (E&S Manager).
- Assign and document responsibility for ensuring implementation of the ESMS (E&S Coordinator).
- Establish day-to-day working practices.
- Put in place effective checks and balances.
- Ensure sufficient resources and training.



- Reporting to, and engagement with, key stakeholders (e.g. investors) on implementation of the ESMS and E&S performance of portfolio companies.
- Reporting to, and engagement with, other stakeholders.
- Responsiveness to unforeseen events and grievances. External communication mechanism.

- Documented set of practical procedures to operationalise the implementation of the E&S policy on deal-by-deal basis, covering all the transaction stages.
- Process development guided by effectiveness, simplicity and pragmatism.

- Monitor and periodically review the adequacy of the ESMS.
- Identify successes and improvement areas in the implementation of the ESMS.
- Ensure revision of the ESMS as appropriate; continuous improvement as ultimate goal.
- Define key performance indicators.