Key Performance Indicator ESMS at Financial Institutions

Subject	Indicator	Performance Comparison	Notes	Outcome of review
1. Organizational Buy in and Engagement	1.1 Responsibilities and Know How	- Appointment of an ESMS Officer [Yes / No] - Defined responsibility of a Senior Management for ESMS Implementation [Yes / No] - Role description for the ESMS Officer [Yes / No] - Contract and/or role description of the ESMS Officer reflects the duties and reserves (at least 50/100% of time)[1] [Yes / No] - The ESMS officer is qualified for the job and received respective training (e.g. training certificate available) [Yes / No]	No ESMS officer appointed or less than 80 % of the questions answered with "Yes" are an indicator that ESMS is not sufficient	
	1.2 internal and external E&S reporting	- direct reporting of the ESMS Officer to responsible senior manager / management board / partner [Yes / No] - Reference to ESMS approach in the annual report / shareholders report [Yes / No] - Sustainability report available [Yes / No] - Nomination / win of national sustainability awards (within last two years) [Yes / No]	At least 50% of these issues have to be answered with "yes" to prove adequate quality of ESMS	
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2. Policy and Procedure Development & process integration	2.1 E&S Policy	- Policy available and signed by Management Board / Partners[2] [Yes / No] - Internal (e.g. intranet) disclosure of Policy [Yes / No] - External (e.g. internet) disclosure of Policy [Yes / No] - Exclusion List covering at least project types listed on SLBA exclusion list available [Yes / No]	At least 75 % of these issues have to be answered with "yes" to prove adequate quality of ESMS.	

[1] For FIs with a total balance sheet below EUR 1 Billion, 50% of the working time of the E&S officer suggested for the ESMS. For all FIs with a Balance sheet above EUR 1 Billion full position (100%) is suggested for the ESMS Officer.
[2] The policy must be relevant to the products and sectors offered by the Financial Institution

	2.2 E&S assessment	- Categorization tool or adequate set of examples functioning[3] and properly applied [Yes / No] - E&S questionnaires / adequate checklists available for review and applied properly [Yes / No] - ToR's for the deployment of independent E&S consultants available (e.g. for Category A projects) [Yes / No] - Contractual building blocks formulated and used in standard contracts [Yes / No]	At least 75% of these issues have to be answered with "yes" to prove adequate quality of ESMS.	
	2.3 Monitoring / Portfolio analysis	- Active Monitoring of E&S requirements / Compliance monitoring format available [Yes / No] - Adequate documentation exists (i) demonstrating the extent to which E&S procedures were applied to all relevant transactions and (ii) describing the distribution of E&S risks at the relevant portfolio level [Yes / No] - Overview of transactions assessed under the ESMS (absolute number) available [Yes / No] - E&S risk classification (A/B/C/not screened) of the entire portfolio available immediately [Yes/No]	At least 75% of these issues have to be answered with "yes" to prove adequate quality of ESMS	
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3. Training and internal communication	3.1 Training	- Training materials available [Yes / No] - Documented one day training of 80% of relevant staff [Yes / No] - 100% of staff informed (mailings etc.) about management approach [Yes / No] - Communication materials (web page, internal communication, links, manuals) available [Yes / No]	At least 75% of these issues have to answered with "yes" to prove adequate quality of ESMS	

3 The results needs to be in line with international categorization standards (e.g. DEG Example list, IFC Risk Categorization Table (http://firstforsustainability.org/risk-management/risk-categorization-table.php), EBRD E&S Categorization List (http://www.ebrd.com/downloads/about/sustainability/rcl.pdf))

		---------- - 80% of relevant staff (investment manager-, risk, compliance officer) aware of the E&S requirements [Yes / No]		
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4. Documentation	4.1 Trial phase documentation	- E&S officer has regularly (at least once per month) requested the assistance of the consultant [Yes / No] - E&S due diligence process documentation for at least 3 projects with higher E&S risks is provided [Yes / No] - No substantial defaults (no categorization, no project type listed on exclusion list, no ESAP for category A available) [Yes / No] - ESMS Implementation within agreed time schedule [Yes / No]	At least 75% of these issues have to be answered with “yes” to prove adequate quality of ESMS. If substantial defaults are visible and/or less than 75% of these issues could be affirmed the ESMS seems to be not sufficient.	
	4.2 General Documentation	- For each project relevant to the ESMS categorization is available and reasonable documented [Yes / No] - Categorization adequate[4] [Yes / No] - For each project a check of exclusion list relevance has been made [Yes / No] - Documentation of E&S review including list of recommended mitigation measures for all “B” and “A” projects available [Yes / No]	100% of the applicable issues have to be answered with “yes” to prove adequate quality of ESMS.[6] Minor deviations might be acceptable if the entire structure gives the	

[4] Any deviations from Example List for High Risk Projects (Category A) or other international recognized categorization standards (IFC Risk Categorization Table (http://firstforsustainability.org/risk-management/risk-categorization-table.php), EBRD E&S Categorization List (http://www.ebrd.com/downloads/about/sustainability/rcl.pdf)) need to be plausibly explained

		- ESAP agreed for all “A” projects that don’t fulfill the E&S requirements yet [Yes / No][5] - E&S Building blocks (and agreed mitigation measures / ESAP) included the loan agreements of all category “B” and “A” projects [Yes / No]	impression of a functional ESMS.	

[6] To be evaluated on random basis at 5-10% of the projects relevant for the ESMS
[5] Only applicable if any projects have been classified as a category A project.