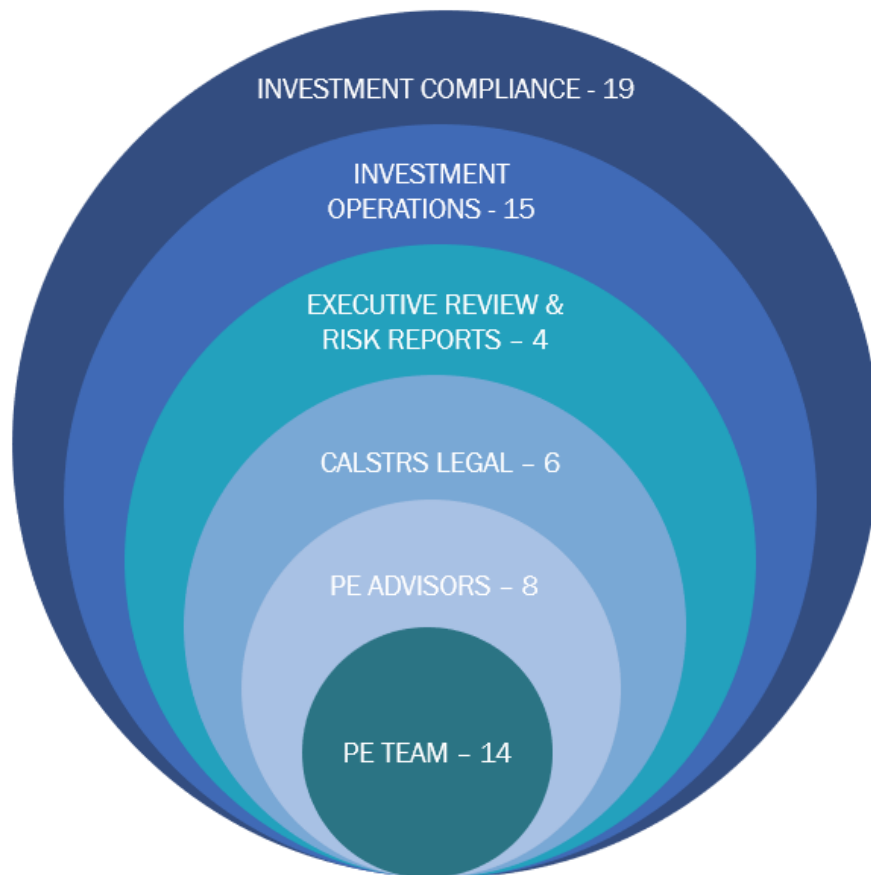


Overview of Private Equity Risk Controls (Prepared by Investment Services)

The Private Equity program and associated activities are executed with prudence and layers of oversight through myriad functions across many teams. The proposed Private Equity policy changes will not affect the extensive existing controls and oversight functions. There are currently 66 pre and post deal oversight functions performed across six different teams, both internal and external (see Chart below). Within the Investment Branch, there are independent controls and review across the Investment Executives, Investment Operations, Investment Performance and Compliance, and the Risk team.

Private Equity Program Oversight

6 teams performing 66 pre & post deal oversight functions



Investment Performance and Compliance (IPC), and Investment Operations are independent of Private Equity and an integral part of the Private Equity program’s internal control framework. Particularly, IPC oversees policy compliance and ensures policy changes are executed based on proper approvals. Some other processes IPC oversees for Private Equity include, but not limited

to, are ensuring accurate performance reporting, benchmark oversight and audit liaison. During pre-deal engagement, IPC ensures completion of appropriate compliance forms and clears regulatory reporting obligations. Investment Operations, among many other control functions and operational support, provides ongoing review and approval of transactions. Investment Operations performs reconciliation of asset valuation, unfunded commitments, and cash flows. Responsible for monitoring overall operational risk, Investment Operations manages custodial system access, reconciles custody to accounting records and sets up portfolios for new strategies. The processes and functions mentioned above merely provide a flavor of how Private Equity operates under a system of internal controls. The independent nature and segregated duties within IPC and Investment Operations are fundamental to the robust oversight of the Private Equity program.