

Sustainability Investment (SUI) Evaluator

Investment Name: _____ Investment Amount Considered \$ _____

Investment Due Diligence by: _____ Signature: _____ Date: _____

Mission Due Diligence by: _____ Signature: _____ Date: _____

Summary Description of Investment:

Main Contacts:

Supporting Documents:



KL Felicitas Foundation

KL Felicitas Foundation Post Office Box 37 Los Gatos, California 95031-0037 USA www.kfelicitasfoundation.org

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| Focus Area & Questions | Other Considerations | Score -1 0 +1 |
|---|--|------------------|
| Investment & Sustainability Due Diligence (Investment Advisor) | | |
| Investment Structure & Portfolio Implications | | |
| Question 1: What investment due diligence process will be required to assess the financial viability of this opportunity? | Foundation's Investment Advisor responsible for performing financial due diligence process. | |
| Response 1: | | |
| Question 2: What is the structure of the investment under consideration? a. Is the investment structure ideally suited to achieve both the appropriate risk adjusted rate of return while promoting Sustainability? | Direct public or private, Fund or Fund of Funds. Consider structure's ability to offer sufficient or appropriate diversification to mitigate risk. Consider investment cost structure's implication on Sustainability. | |
| Response 2: | | |
| Question 3: What is the asset class? a. Does the investment fall outside the currently established asset allocation targets of the Foundation? b. If so, has the appropriate analysis been completed to evaluate a change in targets? c. Has this change been accepted and adopted under the investment policy guidelines of the Foundation? | While it is the intent of the Foundation to pursue SUIs, there is also a firm commitment to remain within the established investment policy guidelines and risk budget. | |
| Response 3: | | |
| Question 4: Will members of the Foundation play an active role in the investment? a. If so, will questions of self-dealing arise? | Consider additional Sustainability impacts, regulatory concerns or sizing constraints. | |
| Response 4: | | |
| Investment Monitoring & Reporting | | |
| Question 5: What is the financial benchmark that will be used to evaluate this investment? | Investment benchmarks are established by the investment due diligence process. Similar to investments made without regard to Sustainability, investment performance is reported | |

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| a. Over what period(s) of time will we measure the investment performance? | when available and as appropriate for the investment structures and/or asset class. | |
| Response 5: | | |
| Sustainability Due Diligence (Foundation Directors and Philanthropic Advisors) | | |
| Sustainability Alignment | | |
| Question 6: How does this investment align with the Sustainability Policy of the Foundation? a. In what area(s) does the Foundation believe this investment will contribute the greatest degree of impact on Sustainability? | | |
| Response 6: | | |
| Question 7: Are there any elements of this investment which are contrary to any value(s) of the Foundation? a. If so, how is this being addressed? | Evaluate potential tradeoffs. | |
| Response 7: | | |
| Relationship & Reputation | | |
| Question 8: How well does the Foundation know the investment and/or strategy? a. What is the nature and duration of this relationship? b. Have members of the Foundation made site visit(s)? | Document personal and direct understanding of the investment strategy by the Foundation. | |
| Response 8: | | |
| Question 9: Have other foundations or investors recognized this as an SUI or social investment? a. Do other respected partners of the Foundation have a relationship with or experience with this investment? | Capture any peer or trusted partner knowledge on the investment. | |
| Response 9: | | |

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| Question 10: How integral to the success of the investment is Sustainability? a. How much personal financial capital have the investment principals and/or founders committed to the investment? | Identify alignment of interest by investment principals and/or founders. | |
| Response 10: | | |
| Mission Impact Monitoring & Reporting | | |
| Question 11: What approach will be used to evaluate the Sustainability of this investment? a. What is the proposed nature and scale of the Sustainable aspects of this investment, e.g. in 1 year, 3 years, long-term? | Pre-established metrics and evaluation intervals for Sustainability should be requested or developed. | |
| Response 11: | | |
| Question 12: Will the Investment Manager provide Sustainability related reporting? | Once Sustainability indicators are identified it is important to communicate with the Investment Manager and determine if the indicators can be tracked. | |
| Response 12: | | |
| Question 13: Does the investment scale, accelerate, support or re-enforce other SMSIs in the investment or grant portfolios? | Identify those that will be impacted and evaluate excess or leveraged Mission or Program Impact. | |
| Response 13: | | |
| Additional Comments or Observations | | |
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