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LGT Venture Philanthropy

Best Practices in Grantmaking: Due Diligence
LGT Venture Philanthropy – Who we are

15 People work in 4 continents with local organizations and networks

The Team

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Main characteristics of Venture Philanthropy

- Focus on few organizations
- Optimization of long-term social & environmental return
- Young, rapidly growing organizations
- Intense local Due Diligence to build knowledge and relationship
- Continuous Controlling
- Long-term engagement
- Financial, intellectual and social capital
- Equity, loans and grants
Our Philosophy: The higher the analysis and monitoring, the higher the positive impact.
# The investment process of LGT Venture Philanthropy

## Screening
- Evaluation of business plan / proposal
- Field visit (0.5-1 day)
- Reference calls
- Intensive internal discussions
- Unanimous approval of partners
- Board feedback & approval

## Deal execution
- Intensive due diligence and site visit (team, finance, services, competition, marketing, legal situation, …)
- Full impact potential analysis
- Reference calls
- KPI determination
- Negotiate terms & KPI’s
- Board feedback
- Unanimous approval of partners & majority of board

## Exit
- Permanent support / meeting (intellectual and social capital)
- Regular KPI (Key Performance Indicator) evaluation
- Evaluation of different options
- Negotiations with relevant partners

## Table: Investment Process of LGT Venture Philanthropy

<table>
<thead>
<tr>
<th>Process</th>
<th>Continuous</th>
<th>Up to 2 months</th>
<th>Up to 3 months</th>
<th>3 – 7 years</th>
<th>1 week – 3 months</th>
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<td>Deal sourcing</td>
<td>Screening</td>
<td>Preliminary review</td>
<td>Deal execution</td>
<td>Portfolio controlling &amp; reporting</td>
<td>Exit</td>
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<td>Sourcing of potential deals</td>
<td>No unsolicited proposals</td>
<td>Information exchange with cooperation partner / reference calls</td>
<td>Stop-go decision</td>
<td>Before final contracts are signed every deal can be stopped at any moment</td>
<td>Evaluation of different options</td>
</tr>
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<td>Screening</td>
<td>Evaluation of organizational information</td>
<td>Telco’s with mgt. team, face to face meeting if feasible</td>
<td>Information exchange with coop. partner / reference calls</td>
<td>Internal discussions</td>
<td>Discuss with local partner or regional representative</td>
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## Tools / Documents

- Tracking database
- Quick-screen checklist
- Factsheet (2 pgs)
- Capabilities Assessment (light)
- Questionnaire
- Capabilities assessment
- Risk assessment
- DD Checklist
- Preliminary Review (5 pgs)
- Letter of Intent (LOI)
- Term sheet
- Capabilities and risk assessment
- Investment Memo (25 pgs)
- Board decision (1pg)
- Contract(s)
- Monthly reports
- Quarterly KPI
- Annual report
- Post investment monitoring
- Contract(s)
Due diligence process of LGT Venture Philanthropy
Example: Rags2Riches, Manila, Philippines
Key points

- See DD as a means of adding value in itself
- Develop and follow a standardized DD process
- Be on the ground; interview stakeholders
- Listen humbly; observe
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"Berry-Picker in Mountain Landscape", 1844

FRANZ EYBL
1806–1880

In this picture Eybl depicts a country girl set against an imposing backdrop of mountains. The artist conveys the subtlest nuances in the portrait, his skill particularly evident in the rendering of the textiles and the qualities of the different materials. The patterns on the red neckerchief, the colourful bodice beneath it, the blue apron and the white of the blouse, along with the headscarf, are a picture in themselves with their interplay of subtly differentiated textures. The girl does not look directly at the viewer - she seems dreamy, lost in thought. Her reflective pose infuses the picture with an almost meditative calm.

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