

Racial Equity Assessment Services

Applying a Racial Equity Lens to Your Investment Process

Looking to align your investment practices with your racial justice objectives?

Community Capital Advisors in partnership with The Racial Equity Asset Lab can guide the process to help you advance racial equity through investment policy and organizational accountability.

Events of the past few years have brought issues of racial equity to philanthropy's attention in an urgent way. Foundation leaders increasingly understand that intentional strategies for advancing equity, diversity and inclusion are critical to dismantling racism and systemic racial disparities in our society, as well as improving the effectiveness of philanthropy. They also recognize that their work begins internally with an explicit commitment to advancing equity across all domains of the organization's work, including how it invests its assets.

As asset owners, foundation leaders exert considerable influence over the flow of capital through the economy and into the communities they serve. Race-informed, equity-focused investment policies and practices are another lever that intentional asset owners can use to chip away at the persistent, systemic factors that create unequal conditions and unequal opportunity for access to capital, including asset managers and businesses owned and operated by people of color¹.

The Racial Equity Assessment FrameworkSM

The Racial Equity Assessment Framework was developed by The Racial Equity Asset Lab (The REAL) as a tool to help foundations evaluate their investment policies and practices for racial equity. The assessment process and detailed implementation roadmap is based on a decade of collaboration and experience by the practice leads as advocates and practitioners of bringing an equity lens to foundation and investment consultant practices and increasing allocations to talented diverse asset managers.

Through stakeholder surveys and in-depth document review, nine qualities of equity-focused investment practice are assessed. The results are plotted on a learning continuum that brings to light an organization's current state versus desired future state of practice, and provides the basis for key findings, facilitated discussion and a detailed plan of action for advancing and sustaining racial equity objectives through policy and systematic organizational accountability.

Application of The Racial Equity Assessment Framework to your investment practices and policies is available as a consulting service through Community Capital Advisors. Engagements are typically 2 to 3 months in duration and include the activities listed below.

¹ Only 1.1% of the \$69 trillion in global assets under management are held by diverse owned firms. Source: Knight Foundation/Global Economics Group: Diversity of Asset Managers in Philanthropy, February 2020.

Racial Equity Assessment Services

- Introduction to The Racial Equity Assessment FrameworkSM
- Education and level setting on principles of diversity, equity and inclusion, and how systemic bias and structural racism show-up in institutional investment practices
- Investment team interviews and team assessment survey
- In-depth document review including committee charter, investment policies, consultant contract, staff job descriptions, foundation communications, and other related documents
- Investment consultant interview and document review to assess firm level commitment to DEI principles and strength of diverse manager engagement and diligence process
- Alignment with the organization's racial justice efforts and strategic priorities
- Board or investment committee presentation of key findings and recommendations
- Detailed implementation roadmap to drive systematic accountability and sustained results
- Coaching and technical assistance in support of implementation

Racial Equity Assessment Practice Leads

Bert Feuss, Senior Advisor Community Capital Advisors

Bert has over two decades of investment and foundation leadership experience including at the Silicon Valley Community Foundation where he worked with the foundation's investment consultant and committee to increase engagement with diverse managers, allocate more capital and drive accountability. Bert's commitment and leadership continues to influence the field today.

Erika Seth Davies, Founder The Racial Equity Asset Lab

Erika has over two decades of experience leading nonprofit and philanthropic organizations including Baltimore Community Foundation, Association of Black Foundation Executives, and Rhia Ventures. She founded The Racial Equity Asset Lab to center racial equity in institutional investing practices and shift the allocation of capital to help close the racial wealth gap.

Let's Talk ➤ If your organization is interested in learning more about the Racial Equity Assessment Framework and Services, please contact Bert Feuss at 415-577-0336 or bert@communitycapitaladvisors.us

Community Capital Advisors provides foundations and mission-driven organizations nationwide with leading insight, services and partnership to accelerate their mission. We help foundations align their investment capital and practices with their missions to advance racial equity, inclusive economies, sustainable growth and healthy communities. Learn more at communitycapitaladvisors.us

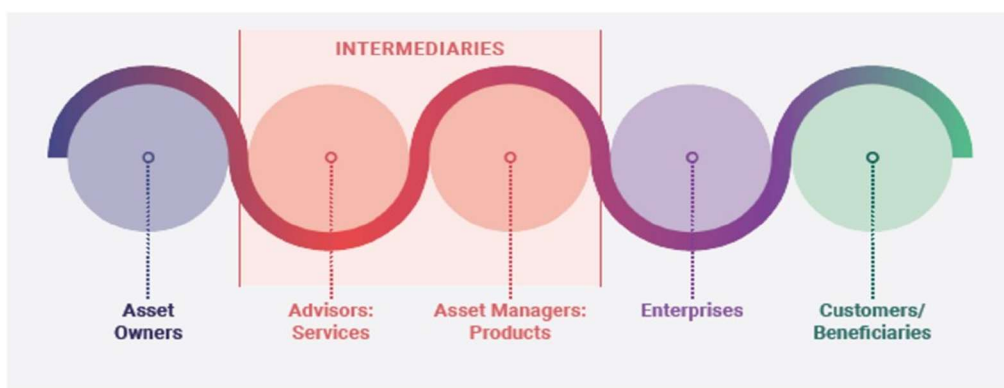
The Racial Equity Asset Lab in partnership with Common Future is a nonprofit initiative dedicated to bringing justice to capital and building an economy that includes everyone. Learn more at racialequityassetlab.org and commonfuture.co/.

The following images represent sample educational materials that are part of the Racial Equity Assessment Services provided to clients and set the stage for an informed discussion on principles of DEI and equity-focused investment practices.

Impact Capital Chain

The Importance of Asset Owner Intentionality

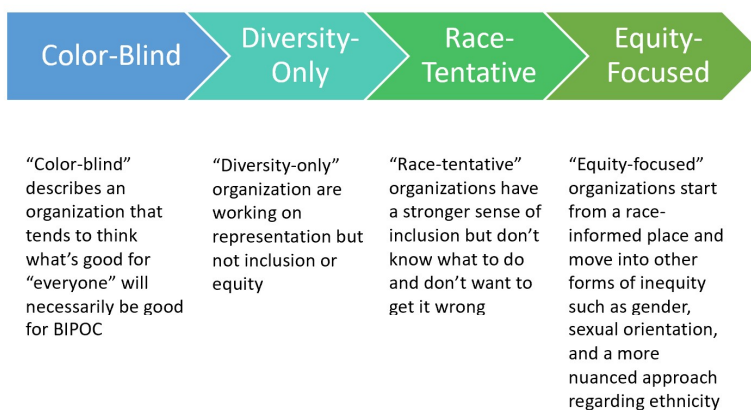
This diagram depicts how asset owners influence the flow of capital through the economy and into the communities they serve.



Impact Investing Handbook: An Implementation Guide for Practitioners. Steven Godeke, Patrick Briaud

The Racial Equity Learning Continuum is a tool to help identify where a Foundation is currently positioned on the path towards embracing race-informed, equity-focused policies and practices.

Racial Equity Learning Continuum



Adapted from *Advancing the Mission Toolkit*, Annie E. Casey Foundation.

The Racial Equity Assessment FrameworkSM is a diagnostic tool to evaluate an organization's investment practices across nine dimensions to help identify where the organization is positioned on the Racial Equity Learning Continuum and determine what actions are necessary to advance along the continuum.

Racial Equity Assessment FrameworkSM




RE Features	Color-Blind	Diversity-Only	Race-Tentative	Equity-Focused
Stated Commitment	Has your institution made an explicit commitment to advancing racial equity in its values, mission or work?			
Race-Informed/Explicit Policy	Defining policy as any written document that guides decision-making, do you explicitly prioritize or address racial equity in your policies? (E.g., Investment Policy Statement, Investment Committee Charter, Consultant Agreement, proxy voting guidelines, shareholder engagement workplan)			
Accountability Mechanisms	Do you have clear decision-making matrix regarding who has responsibility for different aspects of the investment process related to racial equity? Do you have reporting requirements and metrics to measure progress and areas for opportunity?			
Disaggregated Data	Are you collecting and disaggregating data regarding race related to your Consultants, Managers, and Investment Committee composition? Are you collecting and disaggregating data regarding the ownership and workforce of asset managers in your portfolio?			
Stakeholder Engagement	Are you engaging with diverse managers or participating in settings where diverse managers are present? (E.g., Financial services affinity groups, conferences, etc.) Are you incorporating feedback and learning from your engagement in your process?			
Outcomes Oriented	Have you defined an aspirational outcome for your investment process through a racial equity lens? E.g., % of assets managed by diverse-owned firms, percentage of impact capital toward racial justice investments			
Culture of Practice	Is there continuous learning regarding racial equity within your organization or among your investment team, Investment Committee and Board? Are you involved in communities of practice?			
Narrative & Communications	Are you sharing information about your journey or data regarding progress toward racial equity in your investment process? Have you considered ways of framing the narrative for your commitment (see Why This Work Is Important)?			
Systems Change	To what extent do you leverage your role in the broader ecosystem to influence change toward racial equity in investment practices?			

Example Assessment Results

	Color-Blind	Diversity-Only	Race-Tentative	Equity-Focused
Stated Commitment			X	
Race-Informed/Explicit Policy	X			
Accountability Mechanisms	X			
Disaggregated Data		X		
Stakeholder Engagement	X			
Outcomes Oriented	X			
Culture of Practice			X	
Narrative & Communications	X			
Systems Change	X			

Action Plan

Assessment outcomes lead to a detailed Action Plan to achieve Equity-Focused investment practices:

-  Detailed Recommendations
-  Implementation Roadmap
-  Technical Assistance