

Everstone Capital

2024

Everstone Capital



Proprietary Responsible Investing Framework

4 Pillars of ESG linked to the UN SDGs to develop our proprietary **Purpose-Intentionality-Additionality** with a significant focus on **5 SDGs** to deliver Employment growth, Gender equality, Climate action, Digitalization and Healthcare efficiency



Principles of Governance

Planet

People

Prosperity



PURPOSE Principal Goals

- 13 CLIMATE ACTION
- 8 DECENT WORK AND ECONOMIC GROWTH
- 5 GENDER EQUALITY

INTENTIONALITY Organizational Behaviour

- 16 PEACE AND JUSTICE STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 10 REDUCED INEQUALITIES
- 4 QUALITY EDUCATION
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

ADDITIONALITY Investment Specific Impact Outcomes

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND
- 4 QUALITY EDUCATION
- 3 GOOD HEALTH AND WELL-BEING
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 1 NO POVERTY
- 2 ZERO HUNGER

ALIGNED TO THE ENTIRE PORTFOLIO

ALIGNED TO SPECIFIC INVESTMENTS



At Everstone | Focus on Gender While Investing

We have been using the **4 Pillars Philosophy** of ESG and linked them to the **UN SDGs** to develop our proprietary **PIA Matrix (Purpose-Intentionality-Additionality)** to drive internal alignment, leading to a significant focus on 5 SDGs to deliver Employment growth, **Gender equality**, Climate action, Digitalization and Healthcare efficiency.

Gender Equality forms one of our principal goals



Placing Women at the Centre of Transition

Gender Equality | 2x Alignment Across ECP III and ECP IV

- 8 out of 13 investments in ECP III and all four investments in ECP IV fulfill the 2x threshold criteria




			Threshold		
Direct Criteria	1	Entrepreneurship	1A. Share of women ownership <i>OR</i>	51%	
			1B. Business founded by a woman	Y/N	
	2	Leadership	2A. Share of women in senior management <i>OR</i>	30%	
			2B. Share of women on the Board or IC	30%	
	3	Employment	3A. Share of women in the workforce <i>AND</i>	30 - 50%*	
			3B. One "quality" indicator beyond compliance	Y/N	
4	Consumption	4. Product or service specifically or disproportionately benefits women		Y/N	
Indirect	5	Investments through Financial Intermediaries (FIs)	5A. On-Lending facilities: Percent of the Investor/FI loan proceeds or percent of FI's portfolio supporting businesses that meet direct criteria <i>OR</i>	30%	
			5B. Funds: Percent of portfolio companies that meet the direct criteria	30%	

Softgel Healthcare | Case Study

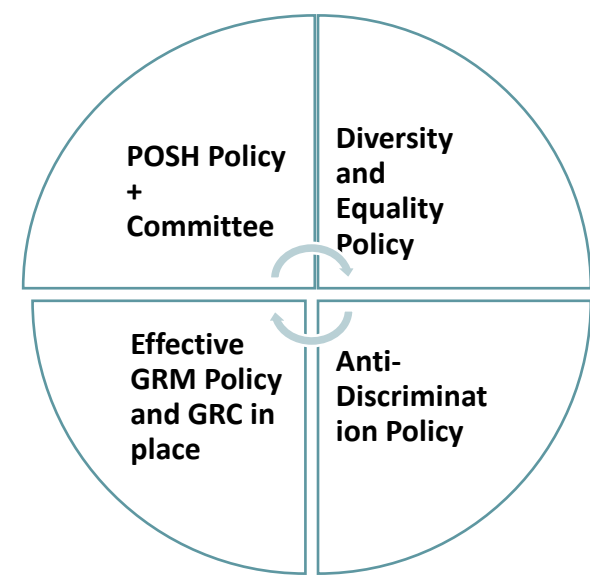


Softgel is a contract development and marketing organization (**CDMO**) dedicated to producing soft gelatine capsules for the nutraceutical and pharmaceutical industries. It is one of the few scaled Softgel-focused CDMOs in India with a strong focus on exports to 65+ countries, serving global customers medicines with affordable prices (**SDG-3**). Softgel contributes to job creation (**SDG-8**) and gender equality (**SDG-5**), with 41% of its 925 employees being female. Omega supports economic growth (**SDG-8**), having increased its revenue and EBITDA by 1.3% and 13%, respectively, since Everstone Capital invested in the company in 2022, gaining board control.

Initiatives Towards Women Empowerment

- 
 - No wage parity between male and female employees
 - All employees paid more than the applicable minimum wage; relatively higher than the peer competitors
- 
 - For nursing mother, provision of a well designed Creche
 - All the women employees are provided with transportation facility with provision of a female guard
 - No night shift for women employees
- 
 - Women centric training programs and awareness sessions
 - Special initiative for POSH training. Appointed an external trainer to conduct monthly trainings on POSH

Policy level interventions



Results

Higher Female Retention	374 Women Employees	>40% GD amongst FTE	~50% GD in contractual	20 Women Managers
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All the data is as on 31 December 2023

Gender Equality and Women Empowerment



5 GENDER EQUALITY



Select Highlights

- + **Everise:** Championing the empowerment of women, with > 61% of the total global workforce being women
- + **API Holdings:** Actively created opportunities for **female drivers for last-mile delivery** of medicines, engaging over 10,000 women during the year. PharmEasy serves 19,000 PIN codes, 1.6 mn orders per month. ~30% of its total headcount is represented by women
- + **Sahyadri:** More than 53% of the company's workforce are women. Further, the company runs several CSR initiatives to encourage women empowerment. 47.8% of the patients treated, were women
- + **Omega:** Across Omega's offices in India, the Philippines and the US, **women represent a high proportion of the workforce.** ~ 50% of the total employees are women, across all the offices of Omega. The company has around 234 women managers
- + **Apexon:** Female diversity at the firm level is around 33%; women holding managerial positions are around 70; ~15% of the board is constituted by female board members
- + **Translumina:** Co-founded by a woman; 32% of workforce are women, with 18 female managers and 1 women director
- + **IndoStar:** Three women directors on its board; ~6% of workforce are women
- + **MediaMint:** Co-founded by a woman, ~ 37% of workforce are women; 25% of the board members consists of women
- + **Softgel:** herbal nutraceutical products and medicines affordable to 78+ million people hailing from low- and middle-income countries. Around 42% of workforce are women; 20 women employees are in managerial position

EVERISE



Women Economic Empowerment and Gender Equality – 2x criteria

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doesn't really add any value, suggest deleting

- In our third fund, Everstone Capital Partners III, **13 investments** supported women empowerment and enhancing their economic performance
- All four investments in our latest Fund, Everstone Capital Partners IV, were evaluated with a **gender lens** and **qualify under the 2X criteria**. The diligence process for all investments includes the identification of gender KPIs using the 2X criteria.
- The responsible investment team works with the deal team to map out an action plan to improve metrics such the percentage of women in leadership positions, policies to promote diversity (especially gender) and inclusion and ongoing career development roadmaps for employees.

Everstone Capital

LP/GP Challenges: Retaining talent

Everstone





Results of Gender Smart Investing = Higher Returns, Reduced Risks and Greater Impact

While men still outnumber women in the financial industry, particularly in executive positions, the numbers are slowly improving as **data begins to show the value women bring to teams**



Positive correlation between gender diversity and fund performance
>20% higher returns
for funds managed by gender balanced fund managers

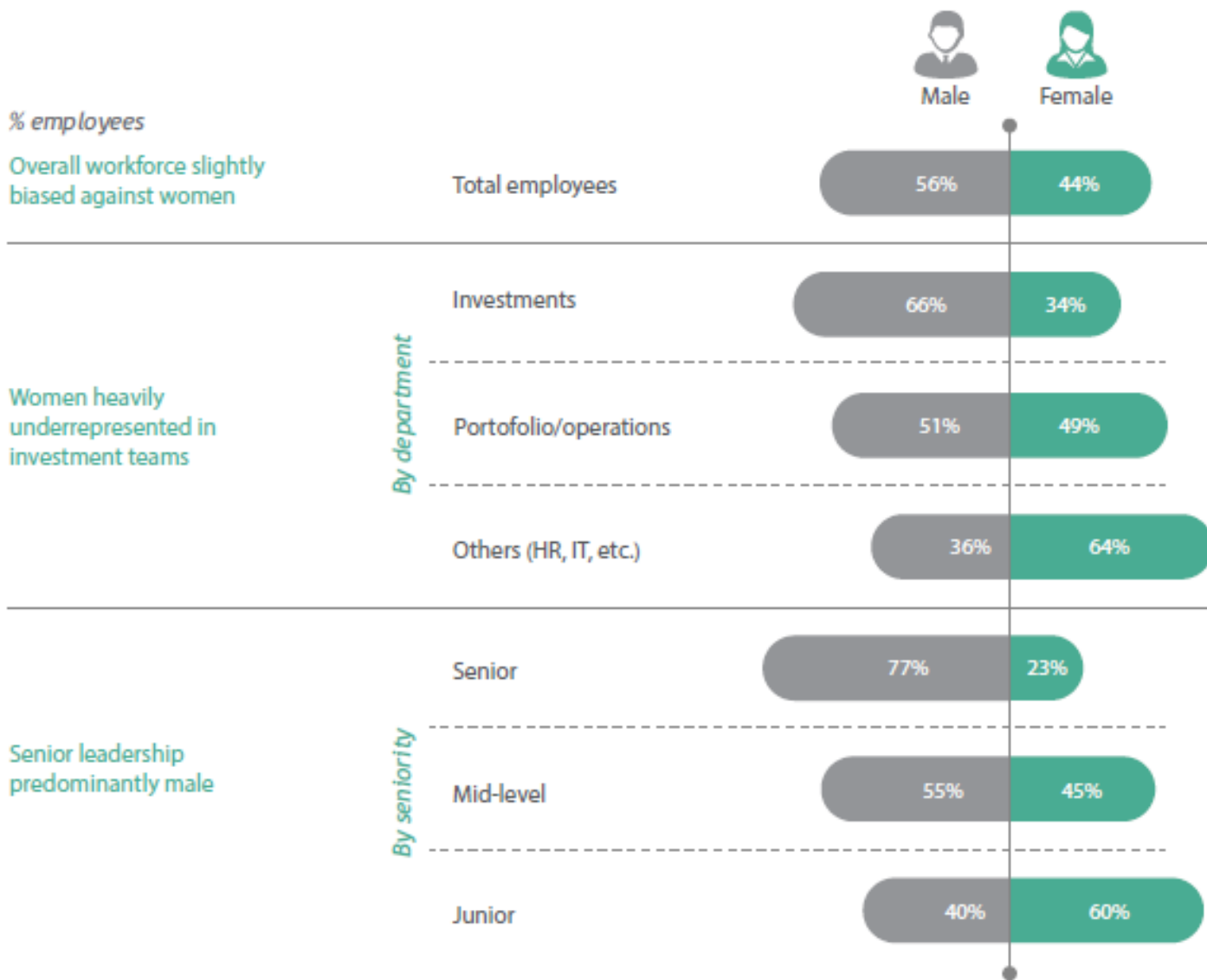


Gender balanced leadership teams in portfolio companies are correlated with
~25%
greater increases in valuation than unbalanced teams



Companies with the most gender-diverse boards outperformed the least diverse in terms of
ROIC by 2.6%

Higher Up the Corporate Ladder, Fewer the Women



- Women are notably underrepresented in **investment** teams, making up around **a third (34%)** of staff.
- Representation of women is focused heavily on **back-office roles** such as HR, information technology (IT), and others, where they make up almost **two-thirds (64%)** of staff.

- The situation across **senior positions** illustrates another industry challenge. Women account for **less than a quarter (23%)** of the most senior leadership roles in PE/VC firms.
- Conversely, women make up the **majority (60%)** of employees in **junior** roles.

Why Does this Imbalance Exist Today?

Though the percentage of men and women entering the field is roughly equal, men typically rise to the top faster than women do

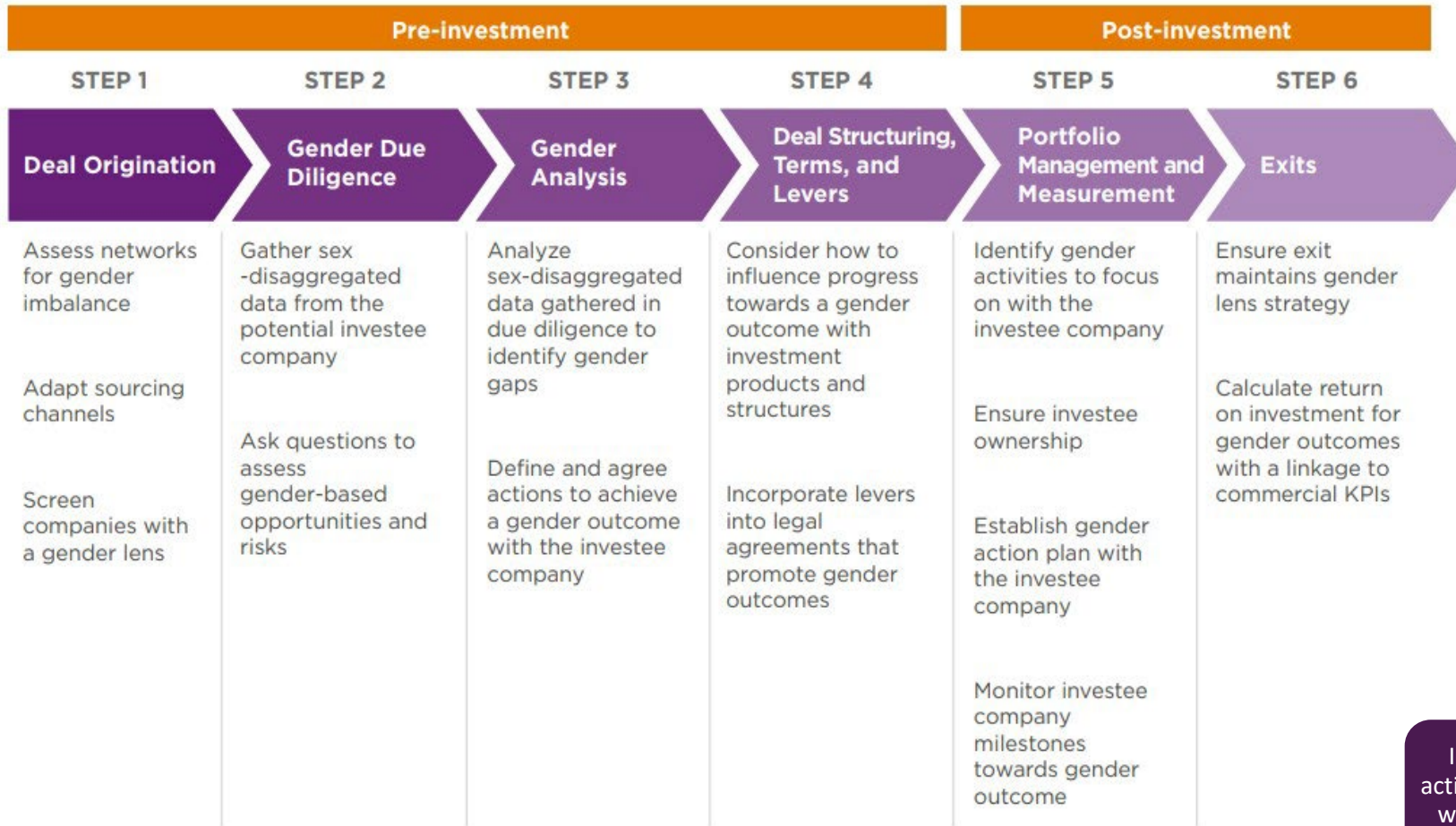


7 Interventions to Drive Progress with Gender Parity in the Industry

- 1 Focus on the top of the funnel while recruiting for junior roles
- 2 Recruit mid-to-senior talent laterally from related industries
- 3 Improve female talent management, including access to female role models
- 4 encourage cultural acceptance of flexible work and maternity/paternity
- 5 Share outcomes of gender pay gap analysis, and close gaps if needed
- 6 Drive male leadership buy-in and accountability
- 7 Monitor progress, collect employee feedback, and act accordingly

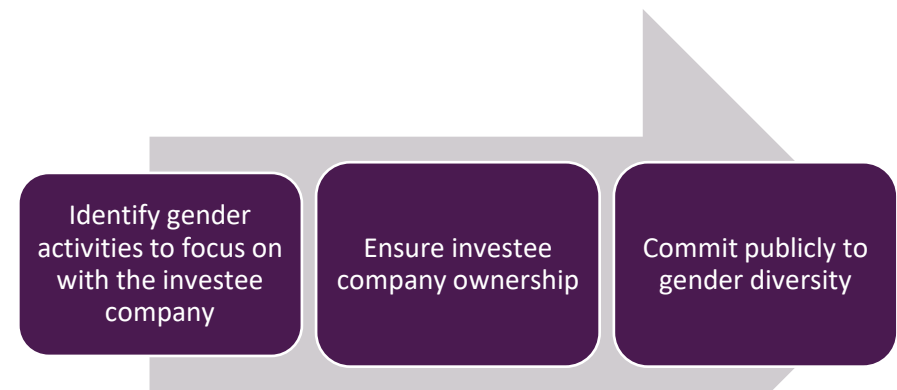
GPs to Demonstrate Commitment at Portfolio-Level

Embedding Gender lens right from the pre-investment phase



- Ask **questions** to assess gender-based opportunities and risks
- **Identify** gender **activities** to focus on with the investee company
- Monitor and measure Gender-based **milestones towards required outcome**
- At exit, assess how an exit from the investee company may impact its gender lens strategy

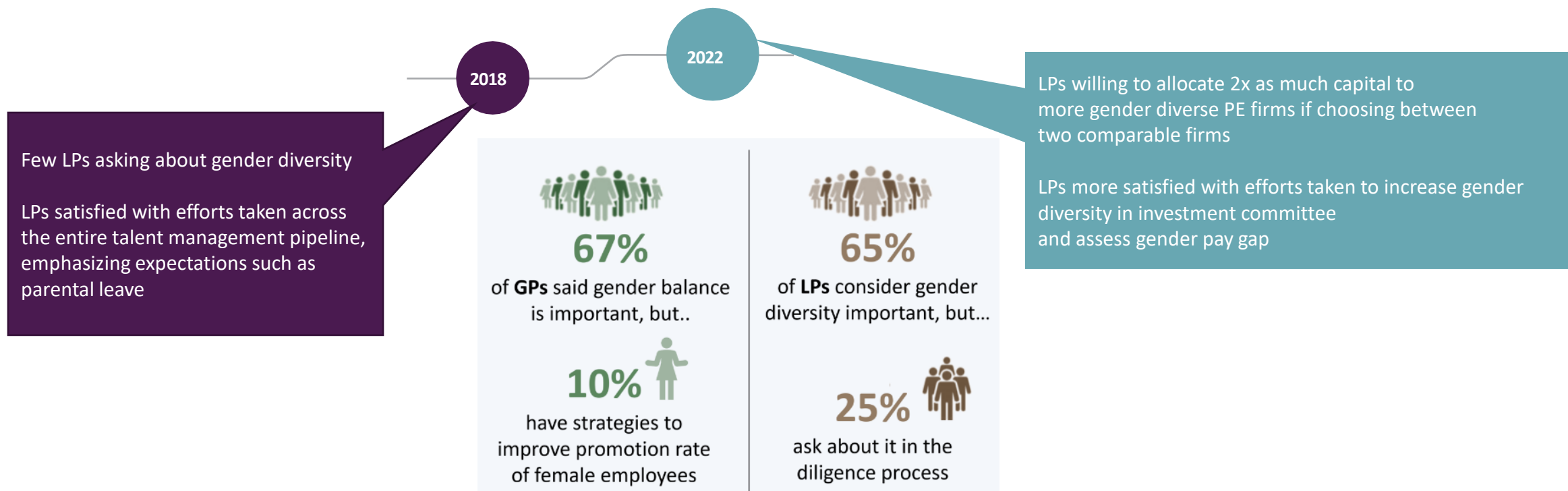
What gets measured gets done



Shift in LP Mindset Crucial Towards Driving Change

LP-driven Initiatives

- LPs have a **critical role to play** in driving the adoption of gender-smart PE investing
- They have an opportunity **to influence GPs** to strengthen their gender diversity, especially within their investment teams, and to adopt gender-smart investment strategies across their portfolio
- Ask GPs about gender-smart investing strategies in due diligence for new deals, and in portfolio management for existing investments



Example at Everstone | Driving Women Empowerment within the Firm

Counting the representation of women and men is an **important first step** in gender-smart investing, as it brings to light gender inequalities with data that may not have been obvious within a company's operations. But it is important to **go beyond counting the number** of women and men within a business, to identify the **behavioral** changes needed to address underlying barriers that cause gender gaps

Commitments & Targets



- We **actively set clear targets** towards building a respectful workplace culture
- Women **comprise 41%** of the total workforce at Everstone
- **20%** of the senior managerial positions led by women
- Measure and **report** progress quarterly

During Recruitment



- Make the **additional effort** to diversify the pool of candidates interviewed
- During recruitment, we **communicate** how we plan to support women candidates to have **longer-term careers** in the industry

Retention & Promotion

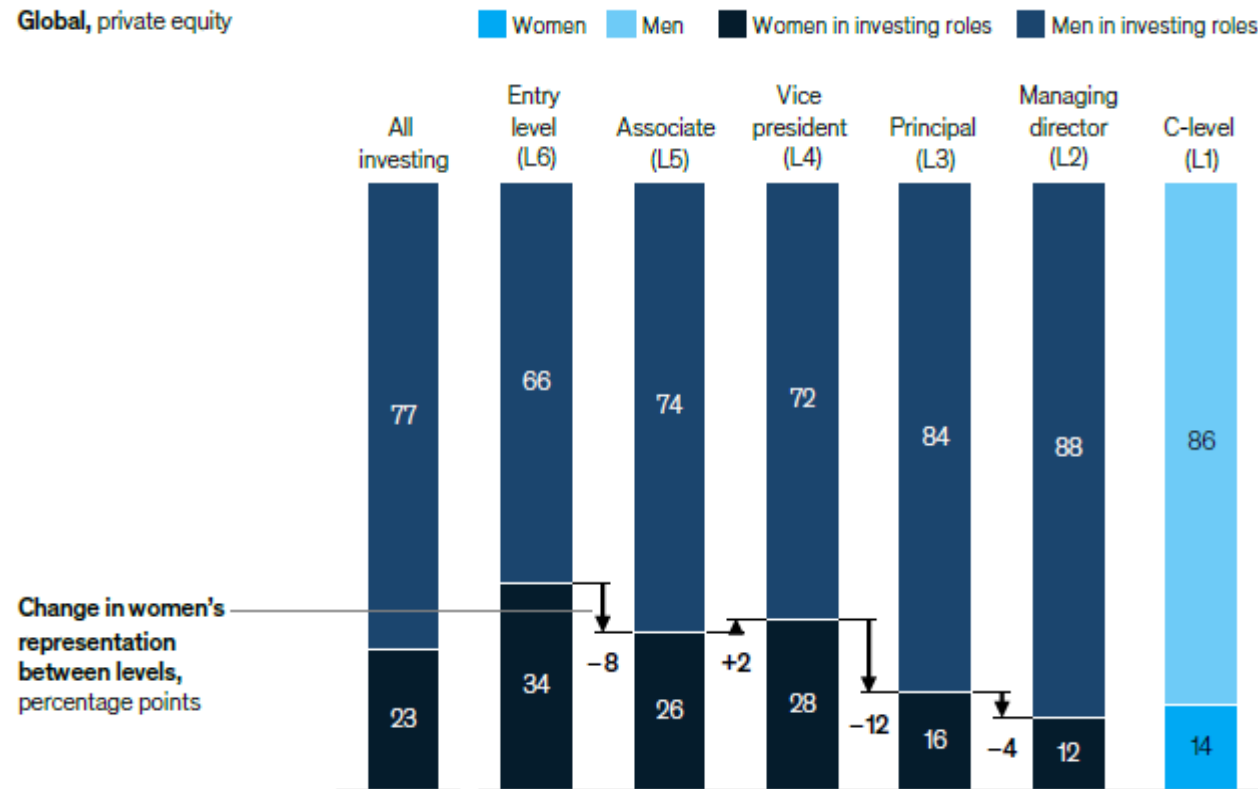


- Provide the option of a **hybrid working** model as needed
- Offer **mentorship** programs and engineer access to **female role models**
- **Regular** check ins with women to proactively address any challenges they may face

SLIDES NOT USED

The Higher Up the Corporate Ladder, the Fewer Women, Globally

Private equity talent pipeline by gender,¹%

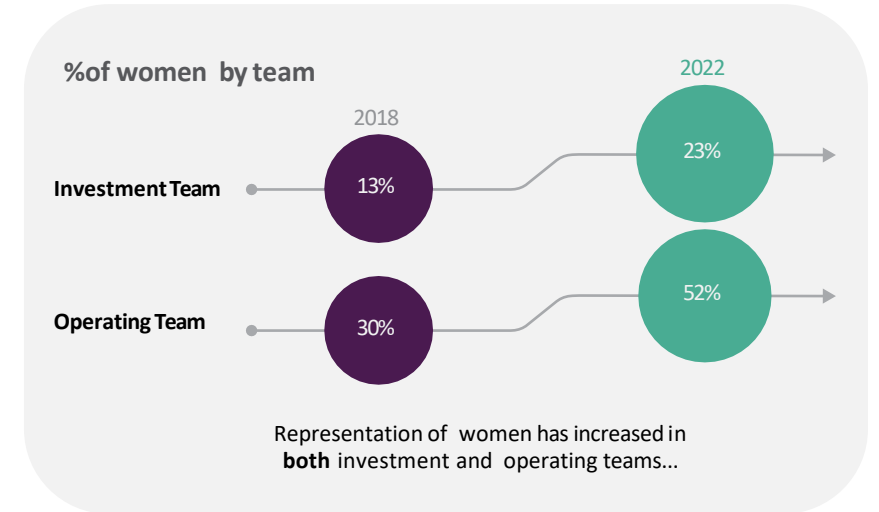


Breaking this down regionally,

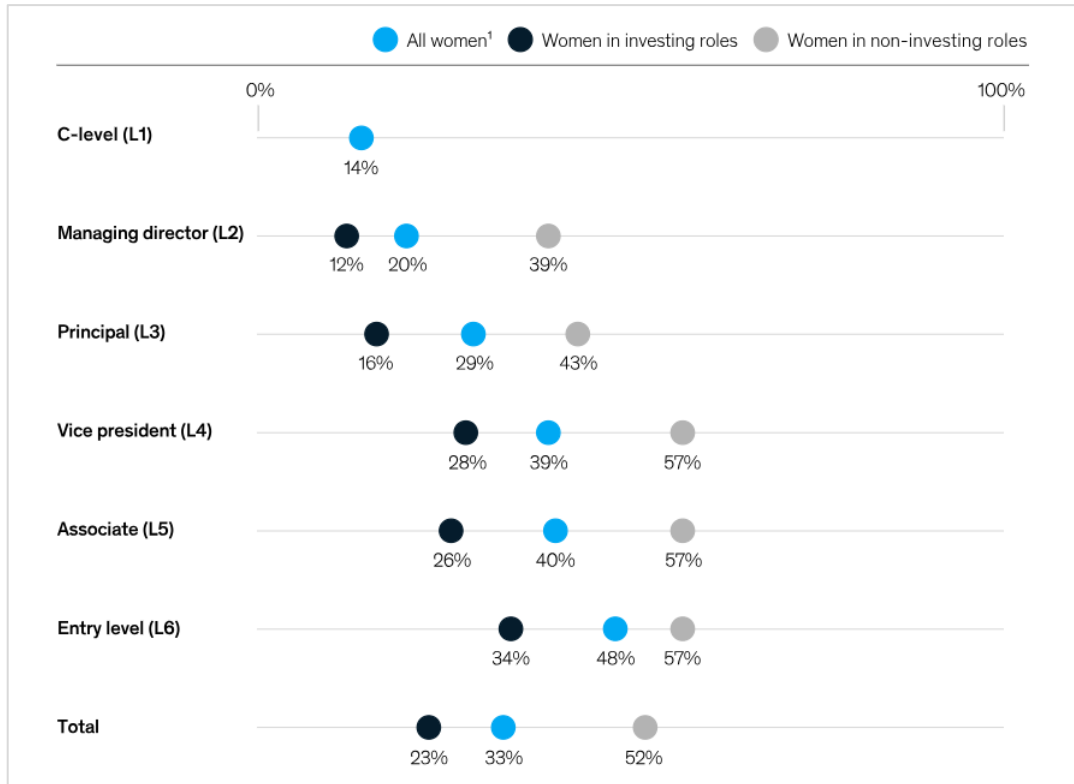
- PE offices in the **Americas** have the highest share of women in the C-suite (~15%) and possibly the least obstacles to female advancement, with the **smallest drop-off** in share of women from associate to MD
- **APAC** leads the regions in women's representation in the **middle of the corporate ladder** (L5 and L4); Representation for women at the associate level (L5) in APAC offices is 31%, five percentage points higher than the global benchmark; and representation for women at the VP level (L4) is 40%, 11 percentage points higher than the global benchmark
- **Europe** leads slightly at **entry-level investing roles** (L6). However, women in Europe at the MD (L2) level have the lowest representation—7%—compared to all other regions and the **steepest decline from post-MBA associate level**. Given more than a third of entry-level investing staff are women, European PE offices have a real opportunity to improve their gender diversity at the higher ranks by evaluating sponsorship throughout the funnel and promotion rates of women out of the entry-level investing role.

Current Status | Some Signs of Progress – Still a Long Way to Go

- PE/VC firms have made substantial progress particularly in **recruiting women into entry-level roles**
- As of year-end 2022, **48%** of all entry-level roles in PE globally were filled by women
- The proportion of women in **mid-level positions** has also **almost doubled**. However, attrition is significantly higher at mid-level roles than at entry-level roles



Women more represented in non-investing roles at every level



Disaggregating this, women are **more represented in non-investing roles** at every level and tend to lose ground as they **ascend the ranks**

Senior women struggle to break into **“the room where it happens”** in PE: today, women make up only **9% of IC members** despite comprising about **12% of managing director-level investment staff (L2)** and **14% of C-suite roles**

Level	Women	Men	Women in investing roles	Men in investing roles
Investment committee	-	-	9	91
C-suite (L1)—All	14	86	-	-
Managing director (L2)—Investing	-	-	12	88

At Everstone | What we can do better

- Strengthen gender diversity within the investment team, especially the Investment Committee- we do not have a woman today in the IC.
- Make public commitments to gender diversity and follow it through.
- Hiring at senior levels from outside the fund industry: this will require training and inclusiveness
- Policies like **equal** maternity and paternity leave could be considered to drive change and overcome challenges
- Some further observations- personal experiences (anecdotal)



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Roshini Bakshi



Roshini Bakshi is Managing Director at Everstone. She co-leads Deal Teams within Consumer and Healthcare (Wellness) sectors. Roshini also supports Everstone portfolio companies across sectors in the areas of human capital management and marketing. She is also responsible for working with Deal Teams on the articulation of the Impact thesis and implementation of the Impact Management framework across the investment process. Roshini heads Impact for the firm and is a member of the Firm's Responsible Investing. Roshini holds a Bachelor of Arts in Economics from St Stephen's College, Delhi, with a Master of Business Administration from the Indian Institute of Management, Ahmedabad.