



Intentional Endowment Network

March 30, 2023

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Eversource Energy – DEI & ESG Initiatives

A commitment from leadership drives the focus areas that comprise our DEI strategy



Industry Leading Goal: Eversource is dedicated to a clean energy future



DEI & ESG initiatives have evolved beyond compliance into key organizational core values



Eversource Pension Plan – DEI/ESG Initiatives

Eversource is evolving to address DEI and ESG in the Pension Plan

- Eversource Pension is a \$6 billion plan broadly diversified across Public Equity (37%) Fixed Income (30%) Private Equity (18%) and Real Assets (15%)
- ESG language incorporated into the Investment Policy Statement in 2019
- The Pension has an allocation of 12% to diversity managers (>50% woman or minority owned) but does not have a stated goal or mandate for investing with diverse firms
- Since 2019 the plan has not invested new capital in upstream Oil & Gas strategies
- A small team is responsible for sourcing and selecting Investment Managers across the plan
 - Rely on consultant to identify diverse managers for public equity and fixed income manager searches
 - Cast a wide net for alternative investments/mandates and share ideas within the local institutional investment community
 - Establish partnerships with select managers and fund of funds to identify best in class diverse managers in Private Equity, Private Credit and Real Assets as well as EM and frontier markets
 - Utilize Burgiss Private i to measure performance and benchmark diverse managers across various vintages and strategies
- Focus on continued education of Investment Committee in setting appropriate DEI goals while also meeting fiduciary requirements of ERISA plan



Eversource Pension Plan – GP Staking/Seeding Funds

GP Staking funds offer opportunity to identify and partner with strong investment teams at inflection point for high growth potential

- GP Staking Target Opportunity set
 - Minority interests of private market managers in lower/middle market space (\$500 million to \$3 billion in AUM)
 - Managers are at an inflection point (Fund II or Fund III) with demonstrated performance and growth-oriented mindset
 - Requires strategic, value-add acquirer to accelerate growth through marketing, product development, strategic and advisory services

- Manager Diligence, Portfolio Construction and Return Drivers
 - Underwriting considerations include management/cultural fit, sector/strategy focus, investment philosophy/performance, capital raise potential, financial profile
 - Diversified portfolio across private equity, private credit and real assets as well as sector and global diversification
 - Contractual, uncorrelated returns from fee related earnings, income/carried interest, sale proceeds upon exit – high teens net returns driven by exit multiple



Eversource Pension Plan – GP Staking/Seeding Funds

GP Seeding funds offer opportunity to negotiate favorable economics and DEI focus is compelling consideration for allocators

- Opportunities for Seeding Emerging Managers
 - Ability to negotiate significantly favorable economics in first capital position
 - Emerging managers historically outperform established managers
 - Returns driven by LP seed investments and exit multiples – returns from fee related earnings and carry is more incremental given early growth stage
 - Seed investments create a strong pipeline for future fund investments and/or co-investments at favorable fees

- Diverse managers are a natural fit for a GP Staking/Seeding strategy
 - A more sustainable and impactful approach to DEI investing – long term investment approach, not fund by fund
 - Becomes a sourcing channel for future fund investments/co-investments
 - Allows for diversification of sector focused or niche strategies in a fund structure
 - Diverse manager seeding strategies can be standalone or as a compliment to a larger staking strategy