



AdIn Ventures Paper 2: Diversity Framework

Approach to diversity

At the outset, we must acknowledge that diversity expresses itself in many forms and there is no clear definition of what constitutes a diverse team. Research and our personal experience suggests that the biggest gap in venture funding is for female and minority/multicultural founders, especially in the early stages of venture creation. Accordingly, we intend to focus on the area that has potential for the largest impact knowing that there will be edge cases where diversity of a team may not be readily apparent.

Given this, our primary criterion for evaluating team diversity will be composition of the founding team in terms of gender and race i.e. at least one of the founders should be a female or from a minority community. In a scenario, where this condition is not met or there is ambiguity, we will also consider the first-hand experience (lived or working) of the founders in relation to the business, their social and economic background and how that may support mobility, and their beliefs and commitment towards diversity within their own organization. In addition, we will exert influence to ensure that investee companies have adequately diverse boards.

Lastly, recognizing that our ability to attract and work with the best diverse founders is related to our own diversity, we will aspire to be as diverse as the founders we aim to back. This will apply at all levels of the fund management team as well as the Advisory Board.

How do we source “investable” diverse teams

In terms of diversity in founding teams, the “pipeline” issue is often cited i.e. lack of sufficient number of diverse founders who qualify for investment. In our view, this is a market failure and both a demand and supply problem, which will require deliberate intervention to correct. Also, we look at this issue from an equality lens, meaning that an otherwise deserving diverse founder should have equal access and opportunity to access capital and should not face artificial barriers. This is presently not the case. Accordingly, we aim to create pathways to both identify diverse founders and provide them with the tools to navigate capital access.

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In addition to leveraging our personal and professional networks, we will build a competitive advantage to source diverse founding teams via the following:

- Quesnay: we will leverage the brand and network developed by Jenn (Venture Partner) to connect start-ups and corporates, in particular female founders where we already have a rich database of promising startups. This model can be extended to other diverse groups
- Partnerships: we have developed relationships with organizations such as Village Global, Techstars, Rise, Financial Health Network and Founders Institute that share similar objectives or run programs targeting diversity. Many of them also run accelerator programs and have expressed openness to share deals. Similarly, there are other VC funds and Angel Groups focused on diverse/underrepresented founders who are willing to collaborate. We will extend this to similar platforms, especially in Tier 2 and 3 cities
- Brand & value add: we believe that our focus on diversity and financial services will set us apart and attract founders with aligned values. This will be reinforced via thought leadership and potential success of some of our early investments
- Technology tools: we will leverage data mining techniques and startup databases to proactively reach out to diverse founding teams

Diversity pledge:

10% of the carried interest will be pledged for an endowment to support diversity. This may take the form of loans/grants to supplement or replace equity funding for certain start-ups or donations to charity organizations in the field of diversity. We have identified a potential partner organization to deploy the funds in line with these objectives.