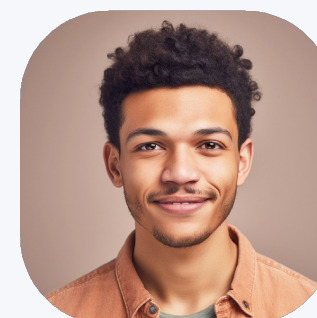


Achieving Superior Returns with Gender Diversity in European Venture Capital Firms

Highlighting the impact of gender mix on fund performance and closing the gender gap in European VCs

September 2023



Disclaimer

This report, while providing an update on gender parity and D&I strategies and policies in the European VC ecosystem, also analyzes the relationship between gender diversity and financial performance of venture capital funds in Europe. Any correlations described in this report cannot be interpreted as cause-and-effect relationship. The correlation between variables does not necessarily mean that one causes the other.

Report findings are based on a dedicated survey of more than 100 European-headquartered VC firms, as well as a PitchBook data sample of almost 600 European-headquartered VC firms (see full details later in the report). Due to the limited availability of fund performance indicators, the financial performance analysis is based on a narrowed sample including 100 VCs.

While this is a further indicator of the additional transparency needed in the broader VC industry concerning fund financial performance visibility, the sample of VC fund performance indicators used in this report is limited, but still statistically significant. Given the low sample size, a multifactor analysis analyzing the impact of other control variables such as sectors, size, fund generation, vintage, stage, or geography was not carried out. Finally, the low representation of women in VC management teams (as described in more detail in this report), furtherly limited the statistical analysis.

For the financial performance analysis, Internal Rate of Return (IRR) was used because it is the most widespread measure available across European funds. The median measure was used in the analysis as the median is more robust to outliers and skewed distributions and is a better measure of central tendency.

The analysis of the past financial performance of VC funds is not indicative of future financial results.

Despite the abovementioned research limitations, we believe and hope that this analysis can trigger D&I-oriented debates and actions among VC industry stakeholders and invite policymakers to conduct additional research in this area, while striving for VCs' financial and ESG-related indicators transparency.

Introduction

Welcome to the third annual report from [European Women in VC](#). In cooperation with mission-aligned partners, we aim to highlight the positive financial and societal impact of diverse investment teams in the growth and venture space.

The geopolitical and economic turbulence of recent months has been reflected in the venture and startups space. The ongoing downturn will likely result in a 50% lower level of venture funding for European startups in 2023 compared with the record levels in 2021. The lack of new capital is also a major stumbling block for new growth and venture fundraising, which depends on limited partner (LP) capital, often correlated with exits/disbursements from earlier funds.

Taking a helicopter view of asset allocation, European female-led and co-led funds are focusing LP attention on positive impact and purpose-driven investing — in alignment with the United Nations' Sustainable Development Goals — while delivering strong returns. Investing in the clean and green energy space (in line with the European Green Deal), healthcare, biotech and life science, circular economy projects, deep tech of all kinds, and AI for good is at the forefront of investment allocation decisions. Let us catalyze the biggest pools of capital, from pension funds to family offices, to create purpose-driven products and solutions with a positive impact. Let us keep reminding ourselves: **Venture is the most impactful asset class — it funds tomorrow's solutions to global challenges, fuels economies, and creates jobs.**

European Women in VC members have raised significant capital in the last few months. Let us take this opportunity to congratulate [Voima Ventures](#), [4Impact VC](#), [Borski Fund](#), [BeAble Capital](#),

[Bootstrap Europe](#), [Greencode Ventures](#), and [South Central Ventures](#) — and watch this space for others that are not yet public. Well done to all the female-led and co-led venture and growth funds showing strength, determination, and resilience!

Thank you to the partners and supporters of this 2023 report for making it possible. Let us keep working together toward diversity and inclusion in the European growth, venture, and startup space to foster creativity and innovation on the path to a better future.



Kinga Stanislawska
Founder of EWVC

Partners

Main partners: _____































Supporting partners: _____













With thanks to:

Astrid Bartels, Marzena Bielecka, Maria Bo, Marcin Borecki, Catarina Cawen, Elaine Coughlan, Dorottya Csak, Blanca Drake Rodriguez-Casanova, Shiva Dustdar, Prof. Mark Ferguson, John Gardner, Kyle Gregorowski, Marie Caroline Hameon, Alex Hazell, Marianne Hyltoft, Matias Kaila, Magali Kollo, Robin Lindahl, Antigoni Lymperopoulou, Agustin Moro Cañada, Sasha Olshanetsky, Selma Peters, Aleksandra Pietrzykowska, Amparo San José, Ninja Struye de Swielande, Maria Tsavachidis, Emma Wheeler, Agnieszka Wojdyr, Mazanti-Andersen, LGT Capital, The TECH BBQ Team

Foreword

We are living through extraordinary and fast-changing times. We are challenged by climate change, economic slowdown and geopolitical risks.

Now more than ever, we have to invest in solutions addressing these major societal challenges. In an environment with significantly lower investment volumes, not only in Europe but globally, we must continue supporting companies.

Gender plays an important role. It is proven that gender-diverse management teams generate better financial results, more innovation and higher probability of start-up success. Women-led firms have also higher environmental, social, and governance scores compared to other companies.

The same is true for investors. As this report shows, gender diversity improves financial performance in European Venture Capital firms.

Despite this evidence, woman founders still face problems accessing equity finance to start and grow their ventures. A key ingredient for increasing investment in women entrepreneurs is having a diverse set of decision-makers and cheque writers. But this is still not the case, as you will see from this report.

The European Commission has made a commitment to change this situation. Gender features prominently in our flagship investment programme InvestEU, which is expected to mobilize in 2021-2027 more than €372 billion in public and private resources. In agreement with the European Investment Bank Group, we introduced a gender-related target for equity products implemented by the European Investment Fund. In practical terms it means that at least 25% of equity intermediaries supported by InvestEU should be gender diverse at the key levels of

management and investment decision-making. First implementation results show that this target has already been exceeded.

There is some excellent work being done in the VC industry, beginning from data collection, to which this study contributes, through awareness raising, training, to voluntary charters setting out gender-related goals for the venture capital industry.

We will build on these initiatives and further support women investors. We will organize matchmaking with female-led and gender-diverse companies, including those already supported by pioneering EU projects such as Women TechEU, the EIC Women Leadership Programme, EU prize for Women Innovators and more. We will also work with Limited Partners to increase their awareness and connect with women and gender-diverse funds to facilitate fundraising.

I hope this report will inspire the readers and the Venture Capital community to continue striving for greater gender diversity. We at the European Commission remain committed to work together with the industry to see a real change that can benefit us all.



Kerstin Jorna

Director-General of the Directorate-General for
Internal Market, Industry, Entrepreneurship and SMEs,
European Commission

Foreword

The venture capital world could benefit significantly from greater gender diversity. The findings of this timely report come to reaffirm this thesis. It is a very welcome development to our collective efforts to see greater gender balance in the VC industry.

Alongside our partners at the European Commission, we have made significant progress on this front recently, with the introduction of gender criteria in the InvestEU programme and with dedicated high-level events that contribute to keep this topic high on the priority list. Ultimately this contributes towards positive change not only in investment portfolios but also in the environmental, social and governance effects that the VC industry has on the markets and society more broadly.

We remain committed to promoting gender balance in the world of finance and in particular venture capital and private equity, as much through our financing efforts as through insightful research papers like this one.



Marjut Falkstedt
Chief Executive at
European Investment Fund

In This Report

In 2021, the European tech ecosystem broke records as total investments reached **\$100 billion** for the first time. However, **2022 was a sobering follow up** — according to Atomico’s [*State of European Tech*](#), investments totalled \$85 billion during the year. Despite the 18% year-on-year decline resulting from uncertain macroeconomic conditions, this outcome still represented a twofold increase over capital investments in 2020. Nevertheless, this overall positive scenario does not align with relevant gender diversity improvements in the European Venture Capital (VC) ecosystem.

This report is [*a continuation of research started by IDC and European Women in VC \(EWVC\)*](#) in 2022. It also provides a 2023 update of selected findings from the 2022 report.

This report aims to show that the diversity of investment teams could be beneficial for superior return generation: According to our analysis, **mixed-gender investment teams show higher returns on managed funds**. The report also shows **how gender diversity is much more than just a bullet point on an organization’s environmental, social, and governance (ESG) checklist**.

Report findings are based on a **survey of 104 European-headquartered VC firms** representing 220 funds with combined **assets under management (AUM) of nearly €12 billion**, as well as a **PitchBook data sample of 558 European-headquartered VC firms** with combined AUM totalling **€148 billion (over €25 million AUM each)**. For the financial performance analysis, the sample was narrowed to 100 VC firms and 220 funds with combined AUM of nearly €34 billion, based on the availability of fund performance indicators.

More information on methodology, survey sample, and definitions/acronyms are available In the Appendices section.



General Conclusions of 2023 EWVC Report

01

The financial performance of European VC funds increases with higher representation of women in senior management teams. VC funds managed by mixed teams also show a higher annual internal rate of return (IRR). **Management teams mostly composed of women outperform men-only teams by 9.3 percentage points.**



02

On average, **each 10% increase in representation of women is associated with a 1.3 percentage points increase in IRR of a VC fund.**



03

The **higher the proportion of women in European VC senior management teams, the lower the volatility of the returns of the fund portfolios they manage.**



04

Despite the fact that funds with a higher representation of female managers exhibit higher returns, **gender gaps are still an issue in European VC firms.** A combined desk and research survey of 558 European VC firms and 104 European VC survey respondents showed that **in 2023 only 16% of general partners (GPs) are women,** compared to 15% in 2022.



05

In terms of actual investment power (firepower, or AUM), female GPs have less investment power, **raising only 9% of total AUM, compared with 91% of AUM raised by male GPs.** This data shows how female GPs still do not raise large funds, and their presence in the investment teams of the largest European VC and growth funds continues to be limited. The firepower of women needs to grow.



06

As a secondary result, women are not generating sufficient wealth to allow them to give back to the sector, which is a customary practice in the VC and start-up space. Women investors are 2x-3x more likely to invest in female-led startups.



2023 Survey Conclusions

01

The expansion of the VC and growth fund market in Europe is setting the stage for more diverse teams, as the number of women entering the market is rising. Survey results highlight that **47% of European VC firms expect the number of female GPs in their companies to grow over the next five years.**



02

However, the VC ecosystem still lacks in diversity: Only **30% of investment committees** have women members, **and only 12% have members from other minority groups.** However, the VC firms and funds responding to the survey had a stronger focus on gender balance. Across the entire VC and growth fund space, these numbers will be significantly lower.



03

Limited partners (LPs) who make decisions are still predominately male. This disparity creates obstacles for female fund managers seeking to raise capital (as the VC space is predominantly relationship driven).



04

Only **50% of respondent VC firms have corporate strategies for addressing gender diversity.** However, these corporate policies for diversity do not properly address career path and leadership development for female roles. Gender diversity and inclusion (D&I) strategies are also not properly communicated externally or effectively measured internally with key performance indicators (KPIs).



05

When making financial investment decisions, female founders/co-founders or corporate D&I strategies in portfolio companies are considered secondary elements, despite research evidence that shows start-ups founded or co-founded by women can generate more revenue than start-ups founded by men.



The voice of the Partners



The venture capital industry is, in some ways, a textbook example of economic failure. The economic problem is how best to allocate limited resources amongst unlimited needs. Venture capital continues to fail to solve the economic problem, in two ways. Most obviously, limited investment capital is not being optimally allocated. Repeated studies indicate female-run startups outperforming male-run startups. That is a signal that female entrepreneurs are less able to get funding (equality of funding access would imply equality of performance across genders). Whether through unconscious bias or structural barriers, female entrepreneurs have to work harder than they should to access the capital they need. As well as failing to balance demand for the limited financial resources that are the *raison d'être* of the venture capital industry, there is also evidence that venture capital underappreciates its own talent. There are a limited number of skilled venture capital managers, and demand for skilfully allocated capital is only likely to grow with the opportunities presented by the current structural upheaval in the global economy. Yet female fund managers are under-represented in

senior venture capital positions, and those that do attain seniority tend to manage proportionately less investment capital.

The double failure of venture capital is only being addressed very slowly. Until barriers and bias are more rigorously challenged, venture capital will continue to be an economic problem.



Paul Donovan

Chief Economist of UBS Global Wealth Management

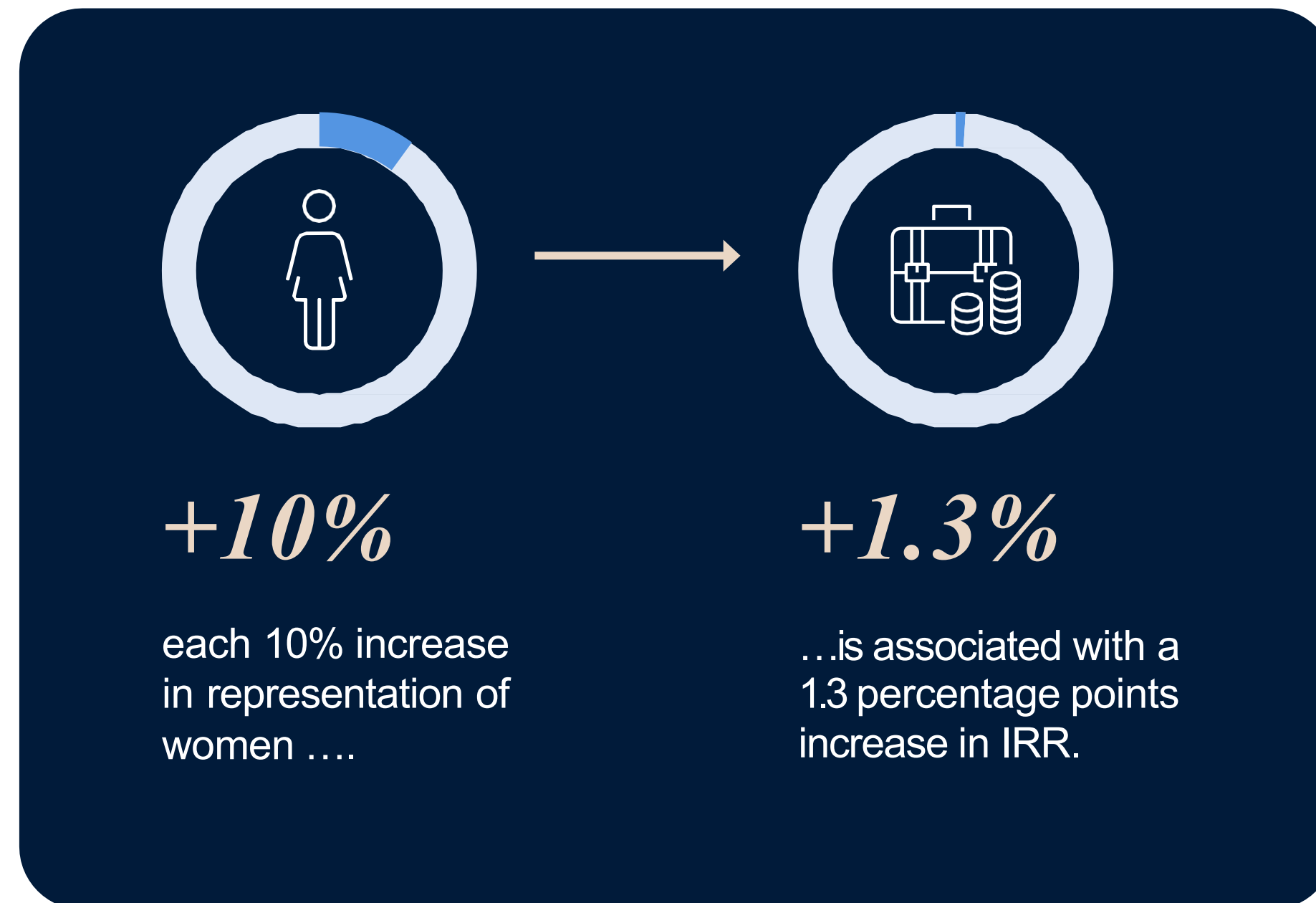
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The Presence of Women in VC Senior Management Teams is Correlated with Higher Fund Returns



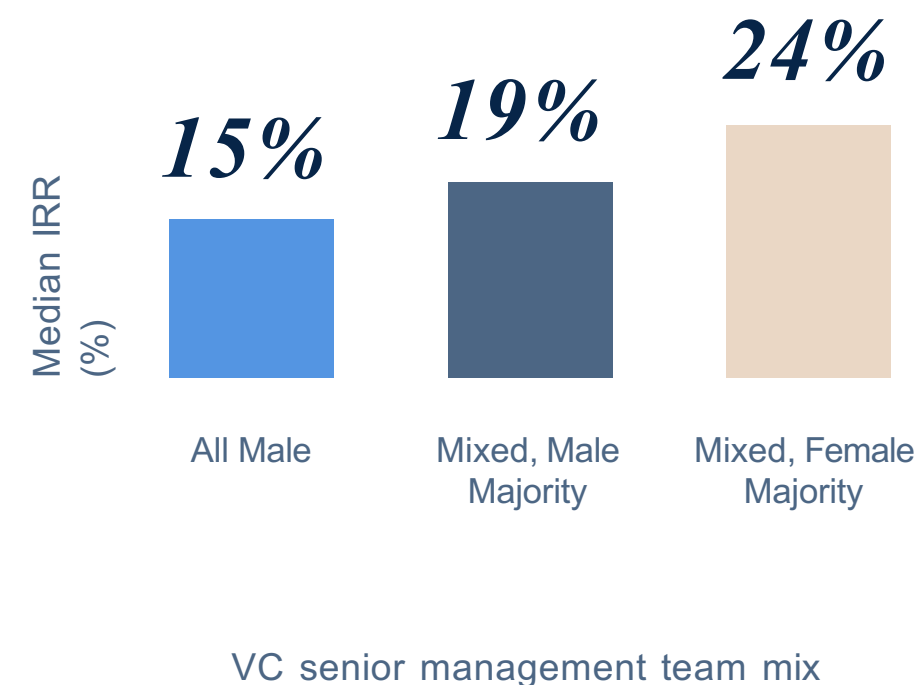
The presence of women in senior management teams is correlated with higher returns.



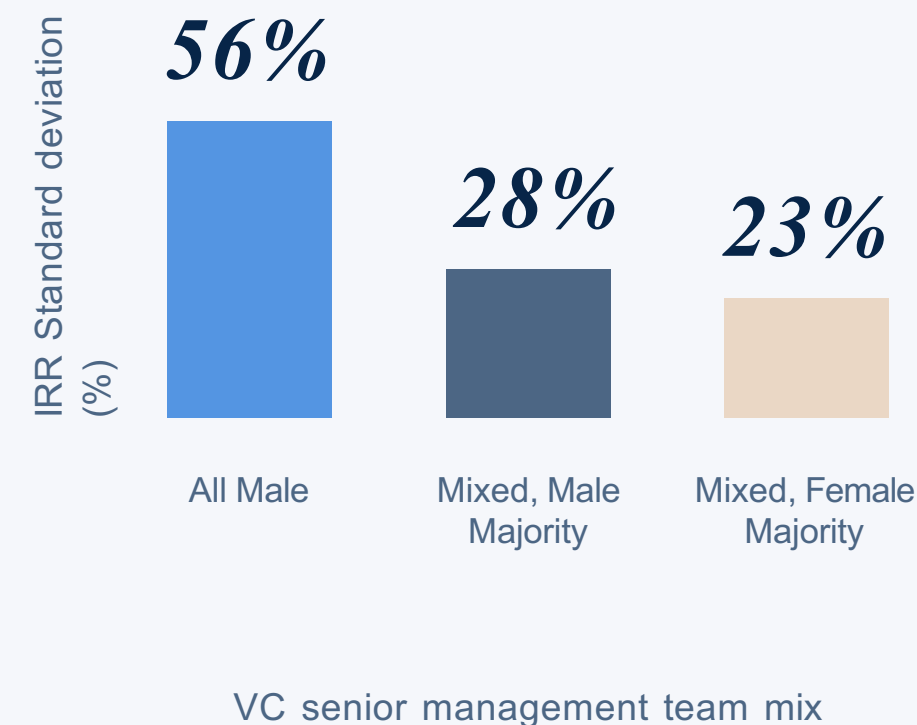
- Women have a minority presence in VC companies. However, they generate greater value with respect to the performance of managed funds.
- A regression analysis performed on a sample of European VC funds revealed that, when the presence of women in VC senior management teams increases by 10 percentage points, the median annual IRR will likely jump by 1.3 percentage points (*see Appendices, Methodology, and Definitions for further information*).
- According to [*PitchBook*](#), VC firms produced the lowest one-year IRR in 2022, even though such firms have historically outperformed the broader private capital sector (in terms of IRR).
- This result further highlights that gender-diverse teams with women that have investment decision power can have a positive impact on overall fund performance. For example, adding more women to the investment team could lead to more diversified portfolios. Conversely, a lack of diversity could lead to unconscious biases that affect funding decisions. Such biases may favor investments in familiar company segments and prevent the seizure of opportunities that can have a positive impact on overall performance.

The presence of women improves IRR fund performance and lowers volatility of fund returns.

VC fund performance (median IRR) and senior management team mix



VC fund risk (IRR standard deviation) and senior management team mix



- The new analysis shows that VCs funds with a majority of women* in senior management teams significantly outperform funds with teams only composed of men, achieving up to +9.3% median IRR and confirming the results of the previous regression analysis. This trend is particularly relevant in funds investing in highly profitable technology areas such as cybersecurity, AI, machine learning, and software as a service.
- Comparing median IRR standard deviations with the increasing proportion of women in top management teams, VC portfolios also show lower dispersion. As such, they have a lower volatility of returns.
- A [*Harvard Business Review study*](#) also showed evidence that diversity improves financial performance. There are several explanations for this greater performance – for example, women may be exceptionally qualified for their roles, given the difficulties of being hired in the first place. Women may also be more willing to invest in companies headed by other women, seeing opportunities that other funds might miss. As highlighted by one survey respondent, “women-led venture funds execute on the opportunity to invest in diverse teams and women-only teams.”

The voice of the Partners



There are too few women in Tech. How can we address the challenges our societies face if we don't fully employ the talents and skills of half the population?

At Bpifrance, we are committed to promoting women in Tech. Firstly, we are actively recruiting more women in investor positions with the aim of achieving gender parity. The investment decision committees already comprise 30% women, and we are aiming for 40% by 2026. As investors, we support projects led by women entrepreneurs and we encourage all the entrepreneurs we accompany to hire more women at all levels of responsibility.

Lastly, it is the responsibility of each one of us to encourage girls to pursue scientific and technological studies and to instill confidence in them to embark on their projects and fulfill their dreams. This is the key for more women to participate in Tech entrepreneurship and contribute to the necessary transformation of our societies.



Véronique Jacq
Managing Director, Bpifrance Digital Venture



The findings confirm what we knew, meaning female GPs are under-represented in European VCs. Especially the share of AUM is disproportionate, where the overwhelming majority are managed by male GP's. It is however very encouraging to see that more women in VC's leads to lower risk and greater returns, and I hope these conclusions will incite the creation of more funds with female GPs. Looking to the future, the report represents a steppingstone where we see positive trends that can help propel us to more unbiased VC investments and ultimately a better opportunity for female entrepreneurs.



Fredrik Hånell
Director Impact Ventures
EIT Urban Mobility

2023 Outlook: European VC Gender Gaps Will Persist During the Year



General partnership in European VC firms is still a “boy’s club” in 2023.

Balance of female and male GPs in VC and growth funds and female GP’s access to AUM

GP Gender Balance in European VCs



16%

of GPs are female

- General Partners (GPs)* manage VC and growth firms and are co-responsible for investment decisions and budgets.
- Only 16% of GPs in Europe are women. This percentage is comparable to 15% recorded in 2022 research. This slight increase cannot be attributed to a real increase in the number of female GPs employed, since investment career paths mirror the duration of VC funds (from three to 10 years). Rather, the increase is due to the inclusion of VC firms with less than 25 AUM in the analysis.
- The European context is still one of a “boy’s club”.

Female GPs’ Firepower



9%

Female GPs’ access to AUM in Europe

- The analysis of actual investment power (or AUM) revealed that female GPs only have 9% of firepower. This result highlights how far European VCs are from achieving gender parity, not only in managing capital, but also in raising it. To achieve gender balance, female GPs should have the opportunity and networks to establish larger funds.
- Firepower means that the more female GPs holding positions at larger VCs, the higher the amount of available investment funding attributable to female GPs, including ability to follow on projects.
- Studies have shown that female investors are more likely to back female founders (who today raise only 2% of VC money in Europe).

The voice of the Partners



In recent years, the venture capital landscape has progressed in terms of diversity: there are more women in the investment teams and in partner level. Yet there is still work to be done.

As a fund investor, Tesi plays an active role in furthering diversity within venture capital teams. This is also included in our ESG due diligence - we ask all the GPs how diversity has been taken into account in their teams. If the team is not diverse or there are no actions or plans how to improve the situation, they might not be fund we'd invest in.

It is also important to look beyond surface-level titles. Funds have to make sure they are not biased when offering career opportunities or economic opportunities.



Pia Santavirta
CEO of Finnish Industry Investment



The data speaks for itself: gender diversity improves financial performance in European VC firms. Despite this, just 16% of General Partners are female, and they have access to less than 10% of assets under management. There is clearly still work to be done to elevate female voices within the venture community.

Thank you to Kinga and her team for another fantastic report. I hope that these findings serve as a catalyst for Europe's VC community to spark real change. I know first-hand from partnering with both founders and investors the positive impact more diverse teams have on the bottom line. Addressing this imbalance will create shared benefits not just in the VC community, but across the innovation economy more broadly.



Erin Platts
CEO, HSBC Innovation Banking UK

Rise in GP shareholding and access to carried interest is significantly linked to the rise of small, women-led and co-led funds.

Balance of female and male GPs in VC funds and gender balance access to carried interests

Q: Please indicate the balance of male and female general partners with carried interests for your funds.



90%
Female GPs with
carried interests



90%
Male GPs with
carried interests

- Male and female GPs have similar access to carried interests. Some 90% of GPs have access to carried interests regardless of their gender. This shows that the title of GP in Europe is still not uniform, and some team members with a GP title are not actual GPs, as highlighted in 2022 report.
- However, VC funds that participated in the survey have a stronger focus on gender balance, including life sciences, health, and biotech funds, as well as micro funds with less than €25 million AUM, which, in general, have a higher percentage of women than the tech sector. In these funds, the higher number of women positively influences accessibility to funds.

Shareholding structure of the VC fund management company

Q: What is the shareholder structure of the venture capital fund management company in terms of gender?



25%
of shareholders
are female

- Women only make up 25% of the shareholders in interviewed VC firms. The highest gap exists in VC funds with total AUM of more than €500 million, where the percentage of female shareholders drops down to only 10%. At the opposite end, the percentage of female shareholders is up to 40% in micro funds with less than €25 million AUM.
- Female GPs are more prevalent in these new and smaller funds, which are sometimes founded by women and more prone to invest in women-founded companies. While this is a good signal of diversity in the VC ecosystem, it still highlights how the biggest funds with high investment power are still mostly managed by men-only teams.

The voice of the Partners



The representation of women in VC/PE fund management remains strikingly low. Over the past two years, I've analyzed numerous pitch decks from climatetech/impact funds. It's startling that such teams do not stand out against gender disparity, but instead mirror the global trend. The situation in Poland is the same. Most teams that have secured second or third-round funding lack female representation at the partner level. At the same time, many of them work in marketing, operations, or legal departments. A glance at photographs from industry conferences confirms this gender imbalance, with men noticeably dominating. I'm an advocate for initiatives that not only encourage women to enter the VC/PE world but also equip them with educational programs that enhance their upward mobility within fund structures. While we've achieved gender parity at PFR Ventures, the influx of resumes from young women aspiring to join the VC/PE industry remains dishearteningly low.



Małgorzata Walczak
Investment director at PFR Ventures



These report findings are exciting because they build upon similar studies that conclude that women and diverse led teams outperform their peers. Despite these findings, less than 2% of global AUM is being managed by diverse teams and only 9% of total AUM in the European VC space is managed by women led teams. To change this reality, Visa Foundation embarked on a journey to help make capital markets more inclusive and equitable. The Foundation's approach deploys grants and investments into women led funds, whose focus are women and diverse entrepreneurs that are making a positive societal impact. By utilizing grants, we are building a pipeline of women entrepreneurs entering the VC ecosystem by strengthening their business skills and networks while investments are enabling women entrepreneurs to launch and grow their businesses. Our goal is to create a capital continuum for women entrepreneurs that provides the right level of support and funding needed to grow and thrive.

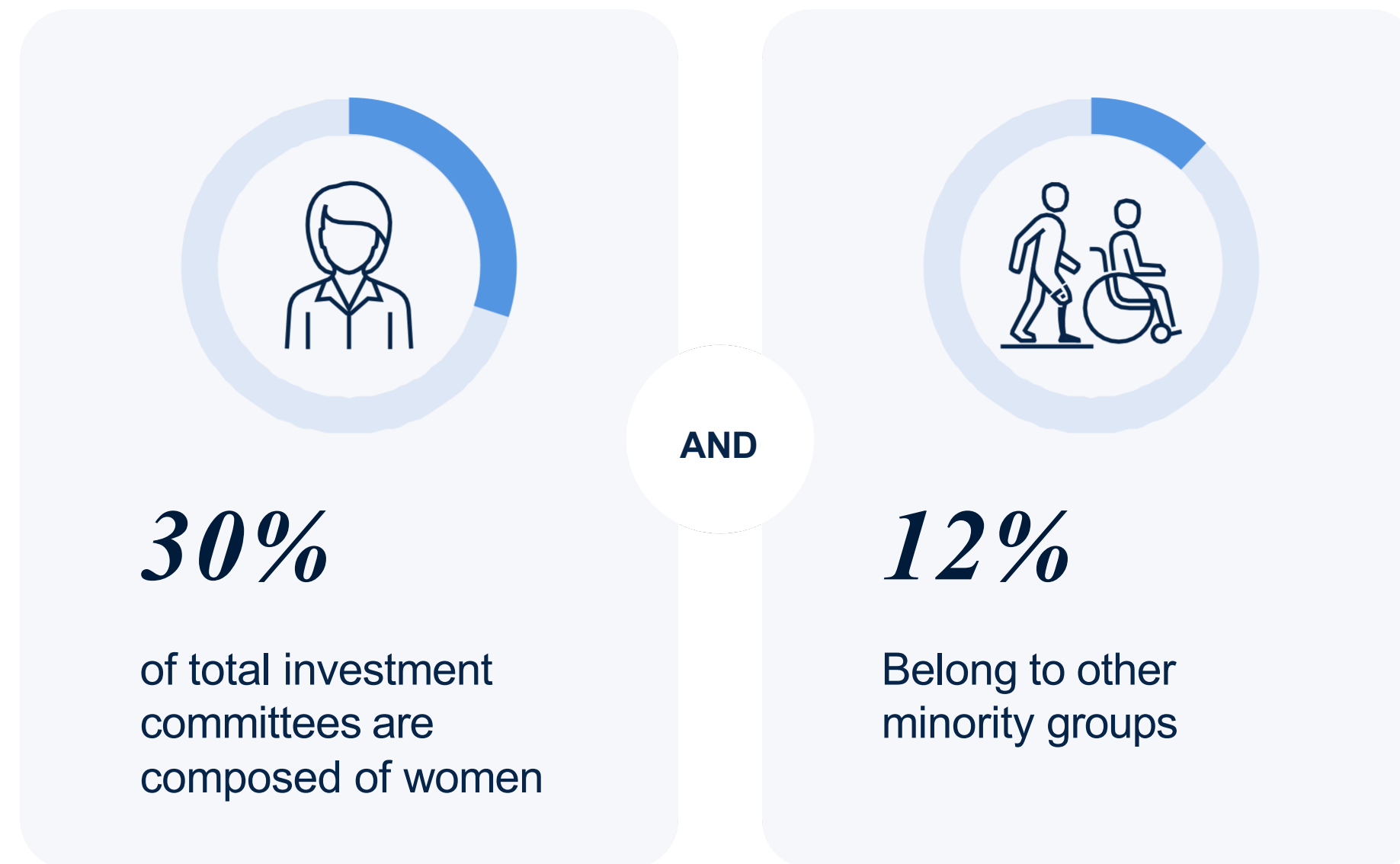


Najada Kumbuli
Vice President, Head of Investments,
VISA Foundation

Behind deal-making decisions: Investment committees in European VC Firms lack diversity.

Diversity in investment committees

Q: Of the total number of investment committee members, how many are women? How many belong to minority groups?



- Women make up only one third of investment committees (ICs). Though the number is up from last year's research, diversity is still an issue in the VC ecosystem. Moreover, minorities, such as those with different ethnicity or sexual orientation, only make up 12% of ICs.
- ICs can include internal members of the VC firm, such as GPs, and external, independent members. IC meetings are where resource allocation decisions are made.
- The lack of diversity and inclusivity in ICs could lead to "similarity biases" in allocating capital. These automatic and unconscious attitudes could favor investments in companies that confirm existing beliefs and knowledge, closing the door to different, but still profitable, opportunities. This is due to natural human propension, including investors, to homophily, the tendency to form strong social connections with people who share one's defining characteristics, as age, gender, ethnicity, or socioeconomic status.

The voice of the Partners



More female leadership is crucial to the future success of Europe's tech ecosystem. However, we still have a long way to go in injecting the ecosystem with equitable levels of female investors and firepower.

We are starting to see a promising generational shift underway, with increasingly more women breaking into VC. While it may take more time for the industry to reach more equality in leadership positions, it is important that we continue to take strides towards that goal. This is something we are actively encouraging at Lakestar, for example, where our investment team now comprises almost 40% women.



Christina Franzeskides
Deep Tech Investor at
Lakestar



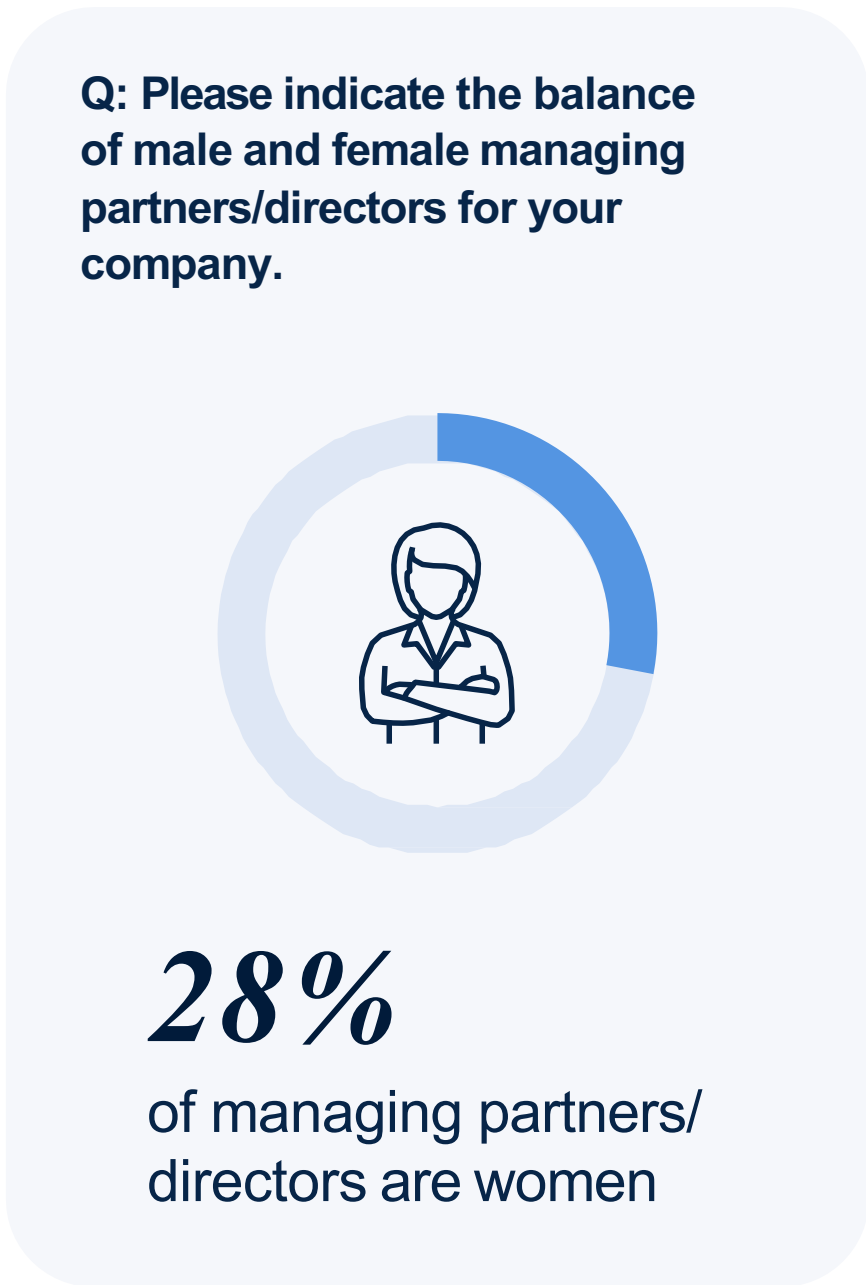
EIT aims to help build a healthy European high-tech and deeptech ecosystem, and gender balance is non-negotiable. We have a solid track record supporting female entrepreneurs across different industries. Supernovas launched in 2022 with a dual focus on female presence and role on the entrepreneurial and the investment side, based on our belief those are deeply connected: we do not only need more female entrepreneurs but for them to have the same chances at success than their male counterparts, and therefore be able to fundraise. We do believe balanced teams make better investment decisions and, in particular, are less likely to show conscious or unconscious biases towards female entrepreneurs. Therefore, a large part of our work is focused on having more women on the check-writing side of the table and to help them progress to the most senior positions.



Ana Alcaine
Supernovas coordinator. EIT Community

At the top of the decision-making pyramid: the greater the AUM, the lower the number of female managing partners. Even at lower levels, women are still a minority in principal roles.

Percentage of female managing partners/directors in European VCs



- Women make up less than one third of managing partners, partners, or directors in VC and growth funds.
- The percentage of female decision makers in VC companies with more than €500 million AUM stands at only 17%, whereas the share of female decision makers in companies with less than €25 million stands at 50%.
- The managing partner is the senior-most partner in a VC firm, guiding the firm’s operational and strategic decisions. The low percentage of women that are managing partners (28%) indicates that VC firms still have a long way to go in achieving gender equality in positions of power. Women in senior positions are positive sign for change, as long as they stay on and are given the chance to become GPs.

Percentage of female principals in European VCs

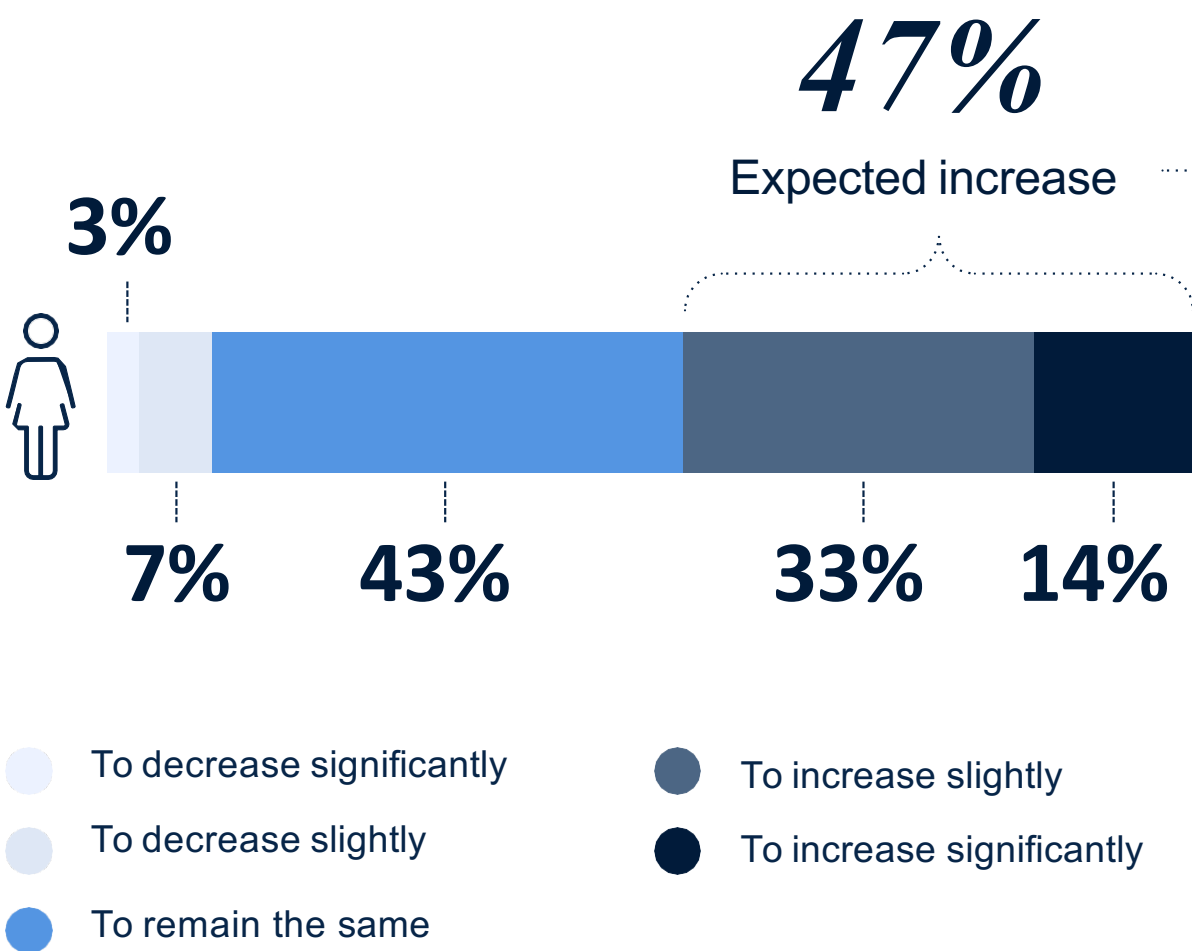


- Women account for up to 35% of the principals in VC firms. Principals hold decision-making power within VC funds as they support partners in identifying investment opportunities. However, they do not have ultimate power in determining the overlying strategy of the firm.
- The interpretation of this result is twofold: On one hand, principals can be promoted to partners over the long term. As such, there is the possibility of a greater number of women in decision-making roles in the future. On the other hand, the low percentage of female GPs and managing partners highlights the need to develop dedicated leadership and career paths for women.

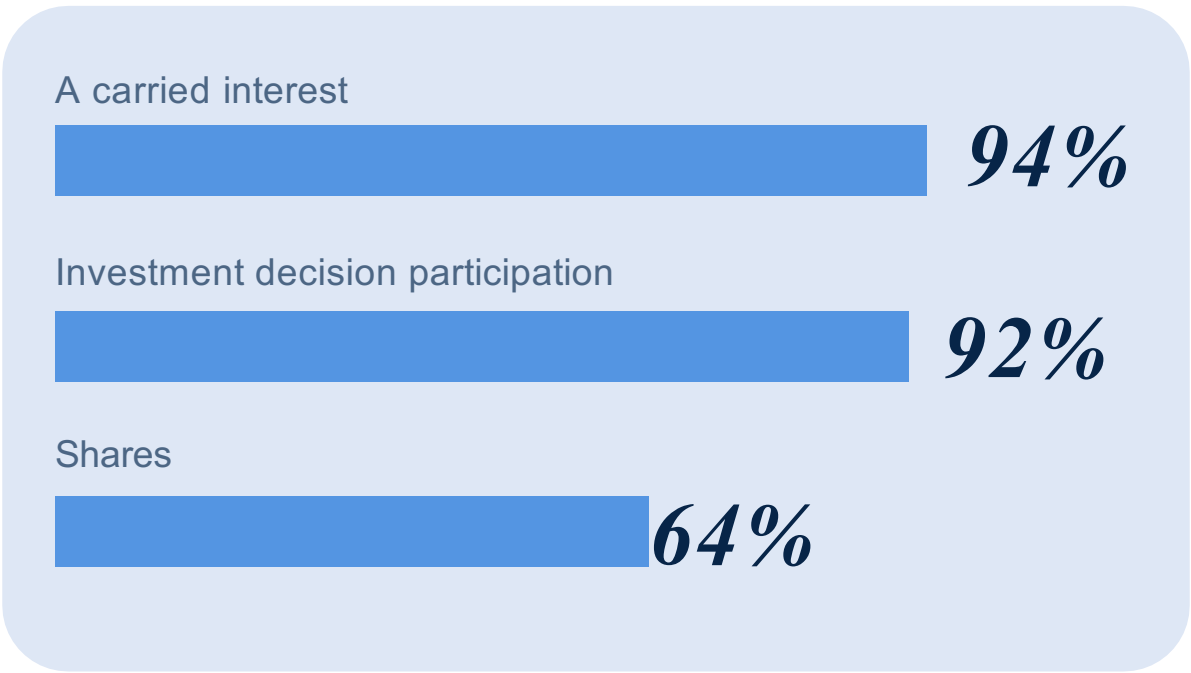
What's next? The share of female GPs is expected to increase as the European VC market expands, but it will be a long and steep journey.

Female GPs expected to increase in the next five years

Q: How do you expect the proportion of female to male GPs to change in your company over the next five years?



Q: You stated that you expect the percentage of female GPs in your company to increase over the next five years. Which of the following will the promoted or new partner(s) have?



- Some 47% of respondents overall expect the number of female GPs in their companies to grow over the next five years, with 14% forecasting “significant growth.” The expansion of the VC market in Europe is setting also the stage for more diverse teams (as the number of women approaching the market will increase). In fact, this trend is common across most respondents, regardless of total fund dimensional size.
- At the same time, the expected “new female firepower” could still have some limitations: Only 64% of new female GPs are expected to hold shares, highlighting how a GP title is not equal to becoming a shareholder.

Four Quotes from EWVC Members



I'm a strong believer in equal opportunities: for this reason, I decided to launch a fund promoting gender diversity. Diversity not only helps create a more equal world but contributes to higher returns.



Jacqueline Ruedin Rüscher
Founding GP, Privilège
Ventures SA



We need a higher share of female GPs. LPs should demand diversity in the VC funds they invest in.



Dr. Gesa Miczaika
Founding Partner, Auxxo Female
Catalyst Fund



At 3VC, we continuously evidence that having a gender diverse team with different backgrounds enables us to assess opportunities in a holistic way which also further helps in supporting our portfolio companies, which consequently contributes to returns.



Eva Arh
Partner at 3VC



If we aim for better investment outcomes, increased innovation, and a more successful industry overall, diversity in venture capital is a must – at both the LP and GP levels.



Iwona Cymerman
Managing Partner at
FundingBox Deep Tech Fund

The VC Ecosystem: LP Interactions Are Still Predominantly Male-Based



Interactions with at least one female LP are common, but such LPs have limited allocation power.

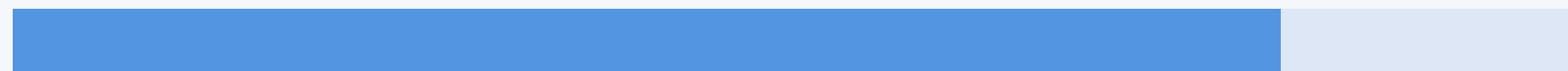
Interactions with female LPs and asset allocators

Q: When dealing with limited partners, do you interact with female staff/executives?



81%

of respondents interact with at least one female LP and executive, but with limited investment decision power



- The LP ecosystem lacks diversity. LPs provide funds with investment capital in return for profits and other benefits (such as future deals). As key stakeholders, LPs have the power to influence diversity strategies within VC funds.
- Though 81% of respondents interact with at least one female LP staff member or executive, the investment decision power of such LPs is limited. Only 25% of women have final decision power in national or supernational funds of funds, while the percentage is up to 59% in foundations (refer to *Appendix-Methodology* for LPs' overall interaction by category with VC firms).
- Relationship-driven allocations are difficult for emerging managers, many of which are women. As data tools become more frequently used, some biases will slowly be removed.

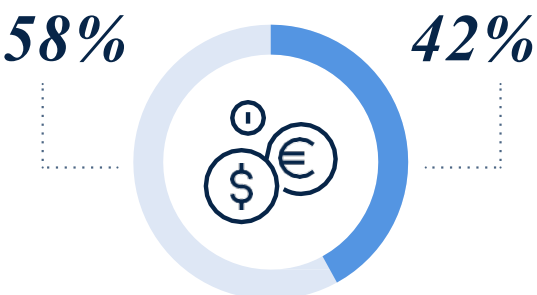
LPs have predominantly male- and relationship-driven interactions, which are obstacles for female fund managers.

LP categories and interactions and male/female LPs interaction balance

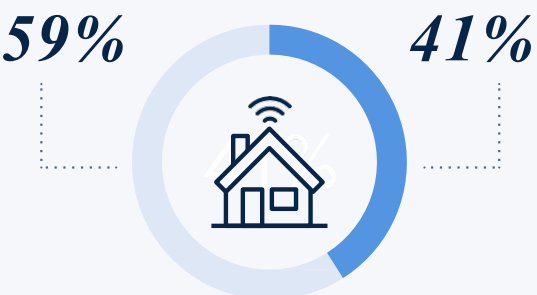
Q: When dealing with the following LPs, what is the proportion of men to women in terms of the staff/executives with whom you interact?

Male Female

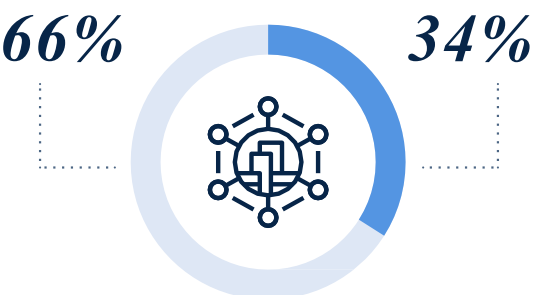
National or supernational fund of funds



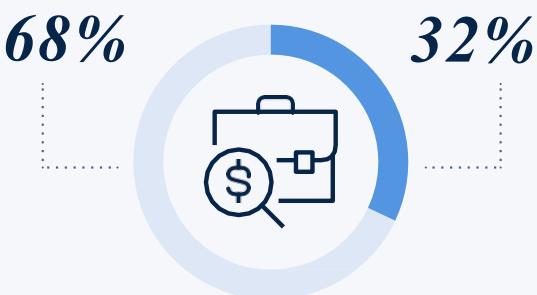
Other institutions/family office



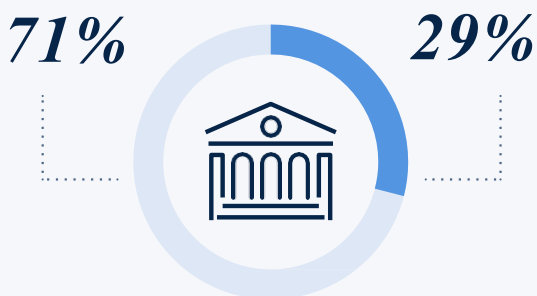
International financial institutions



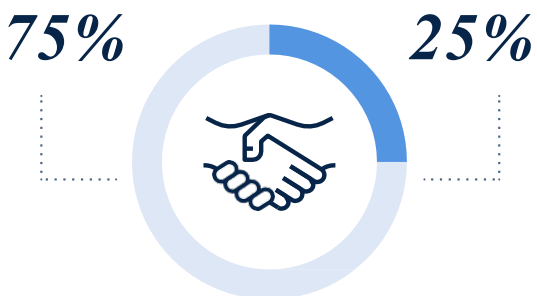
Private fund of funds



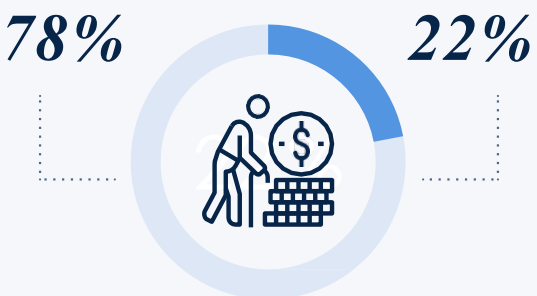
Foundations



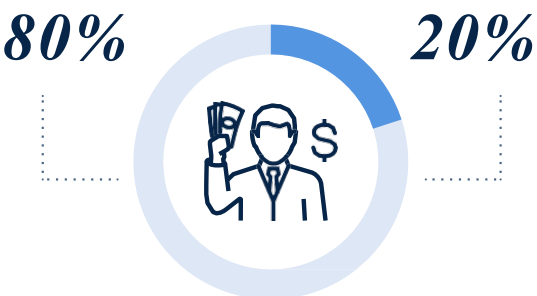
Other limited partners



Pension funds/insurance companies



High net worth individuals



- Male-driven interactions dominate the LP ecosystem, with a waterfall effect on VC gender diversity and investment decisions. Gender representation is more balanced across many European national fund of funds, with an aligned mission to ensure diversity at every level of investment decisions.
- The share of men in the high net-worth individual category is higher (than the share of women). Men also have a greater presence in pension funds and insurance companies. Some 64% of the LPs that respondents interacted with were men, thus leading to the high perception of “99% male environment” interactions (refer to *Appendix-Methodology* for LPs overall interaction by category with VC firms).
- Interacting with a large share of male LPs is considered “a key obstacle” by female fund managers, mainly because the VC ecosystem is “a relationship business.”

The voice of the Partners

“

In the tech sector it's all about the people behind technology. People have to master it, technology doesn't do anything on its own! The key to creating a fair and inclusive future is diversity and representation in tech investing, development, and deployment. At EIT Digital, supporting women in tech and business is by design. We actively recruit women into our education and entrepreneurship programmes and empower the many talented women in our organization – look no further than my colleague and CIO, Diva Tommei.



Federico Menna
CEO EIT Digital

“

EIT Digital proudly supports women in tech. From student to unicorn, our programs promote the education of women in STEM fields, their goals of launching new companies and ultimately their journey to scaleup success. We believe these rising stars will have both the technical and business savviness needed to succeed in venture capital. When we support women entrepreneurs, we're really supporting future women investors and entrepreneurs and as the data shows, the future of European innovation.

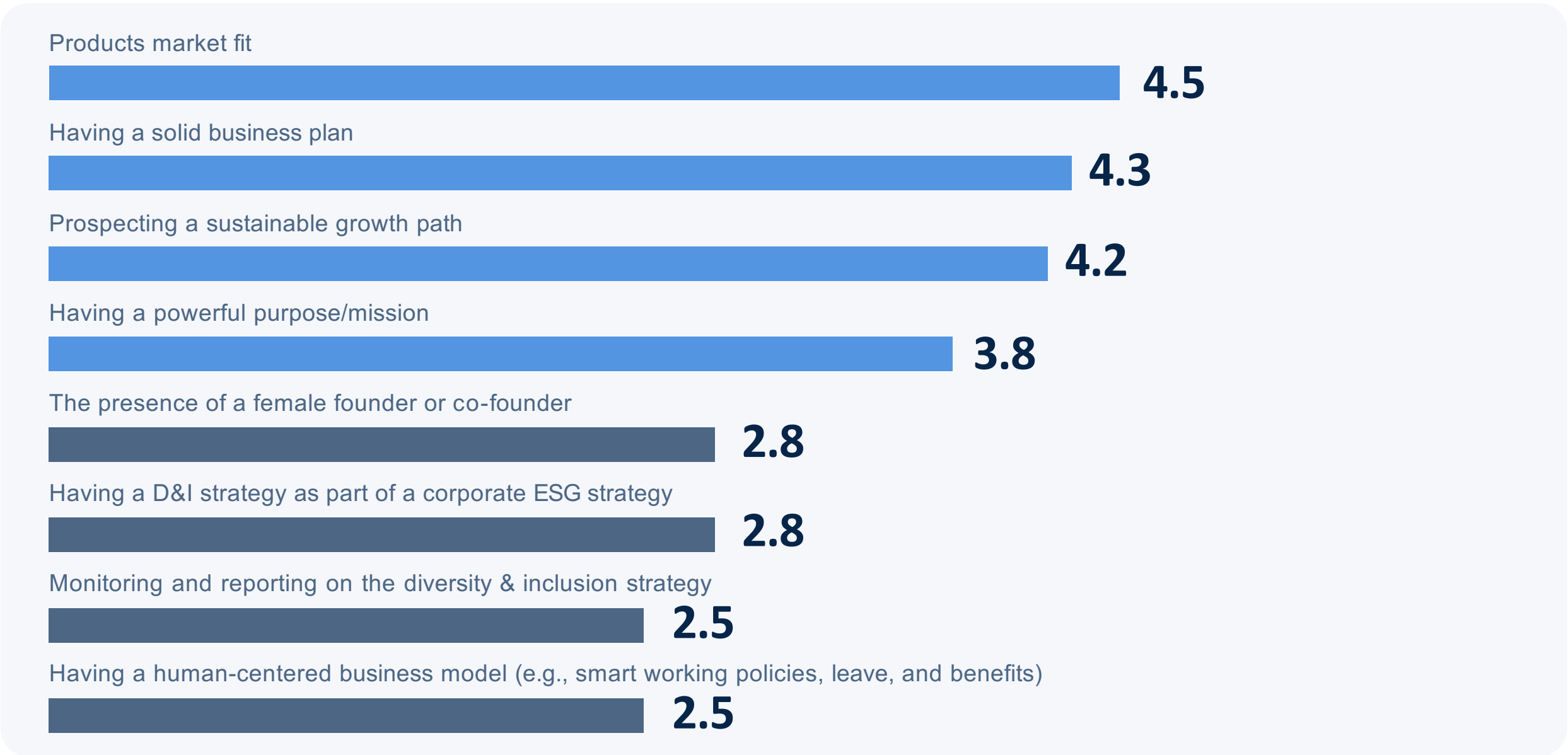


Diva Tommei
CIO EIT Digital

Diversity ranks lower down in the priority list when addressing investments in portfolio companies.

Main elements driving investments in portfolio companies

Q: Using a 5-point scale, please rate the extent to which each of these elements drives your investment decisions in your portfolio companies.



- The presence of female founders or co-founders and the existence of D&I strategies are all secondary elements when addressing financial decisions. A [European Investment Bank report](#) highlights how women-led firms face obstacles in accessing finance. The report also shows how supporting female entrepreneurs helps create new jobs while generating both societal and economic benefits (such as increased employment rates and higher environmental, social, and governance scores).
- Moreover, the presence of a human-centred business model is considered the least significant driver. This business model covers smart working policies, leave and benefits (such as maternity leave), and male and female talent retention strategies. As such, it influences corporate performance over the long run.

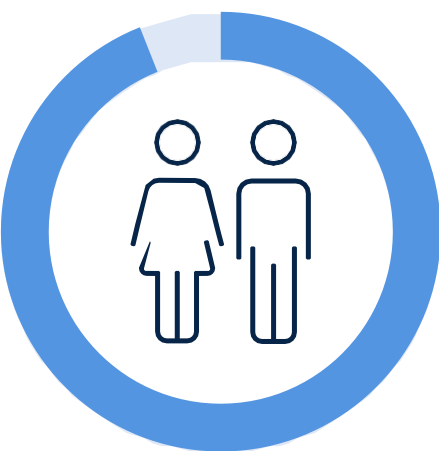
D&I Strategies and Policies: A Lack of Presence and KPIs in European VC Firms



Gender diversity is considered beneficial despite a lack of concrete D&I strategies.

Support for gender diversity and existence of D&I corporate policies

Q: Which of the following workplace and corporate policies do you have in place?



94%

of respondents say their firms support gender diversity



- Respondents' companies claim to support gender diversity. However, this claim is not supported by actual corporate programs and policies or proper corporate communications to the market. This is a problem because, like business performance, it is not possible to evaluate what is not measured. This general claim is not supported by facts and is likely to remain an "empty" phrase.
- Even if 86% of VC companies offered maternity/parental leave and other benefits to female employees (on top of compulsory leave regulated by EU and national laws), female respondents do not feel supported in effectively taking maternity leave or absences from work related to personal needs. As highlighted by one respondent, "the requirement for 100% involvement in activities with no option of maternity leave" perpetuates the idea of VC firms as environments with a difficult work-life balance, especially for women.

The voice of the Partners



Recent economic downturns have been dominated by headlines about women being disproportionately affected. In this new inflationary environment, we have to do everything in our power to prevent taking a step back for women entrepreneurs and women in private equity. Unfortunately, the funding gap for women remains largely the same as in previous years. But we know women are 3x more likely to invest in women-founded businesses than men, therefore it's crucial to create diverse investment teams. Verdane has achieved gender parity on our investment team, but this required years of obstinacy and patience from our partner group, and support for our HR team to ensure equitable shortlists, senior mentorship, and working practices that support working women and mothers. We're also proud to have several team members running industry initiatives to increase the number of women in private equity. And Elevate, our in-house operational experts, has helped portfolio companies recruit 20 board members in the last 9 months, of whom half were women. Year after year the industry discusses the importance of diversity, equality and inclusion - now we need action.



Ellen Nyhus
CEO of Verdane Elevate



At Wayra we promote diversity and gender equality, with more than 50% of Wayra's investment team made up of women. In this regard, we are about to sign the United Nations Principles for Responsible Investment (UN PRI), which reinforces our commitment to boost female entrepreneurship and promote greater inclusion in the sector. Our goal is to lead the way towards responsible, inclusive and sustainable digitization, and to encourage responsible investment in the Venture Capital community.

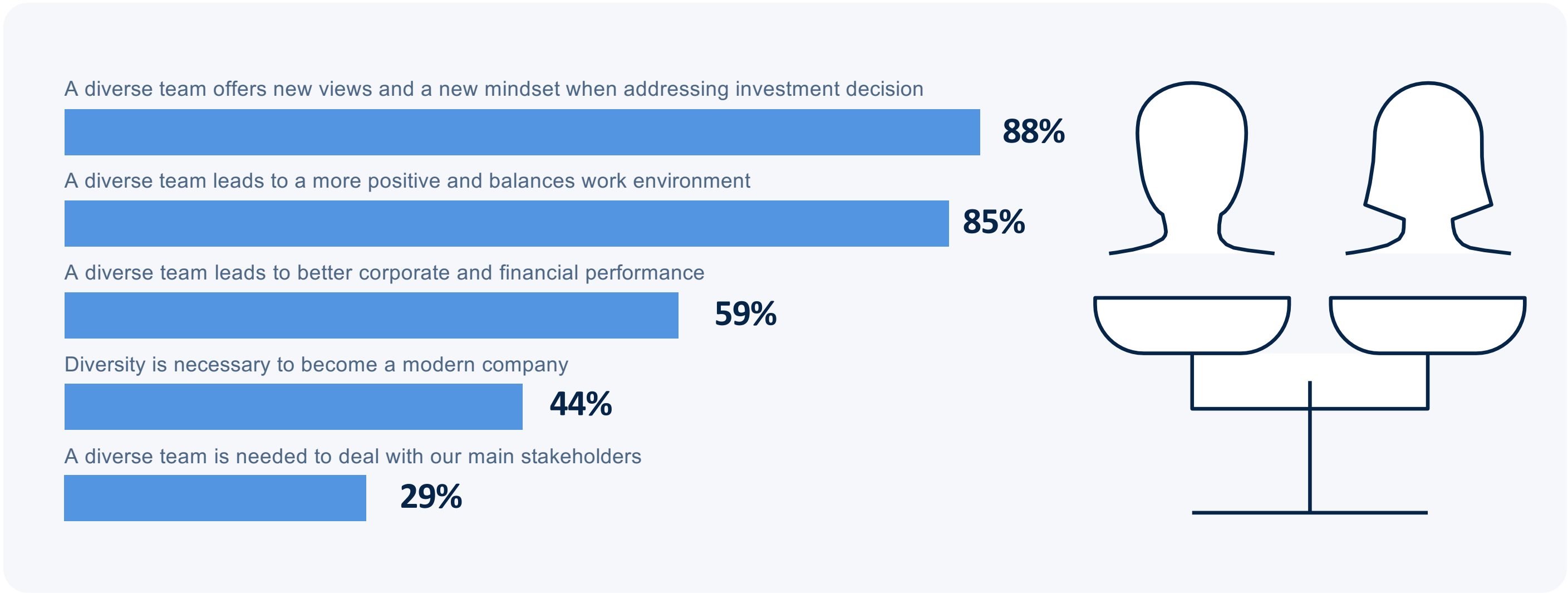


Irene Gomez
Director of Open Innovation Director
at Telefonica & CEO of Wayra

A different view on investments decisions is the main driver behind gender diversity plans.

Main drivers for implementing a D&I strategy

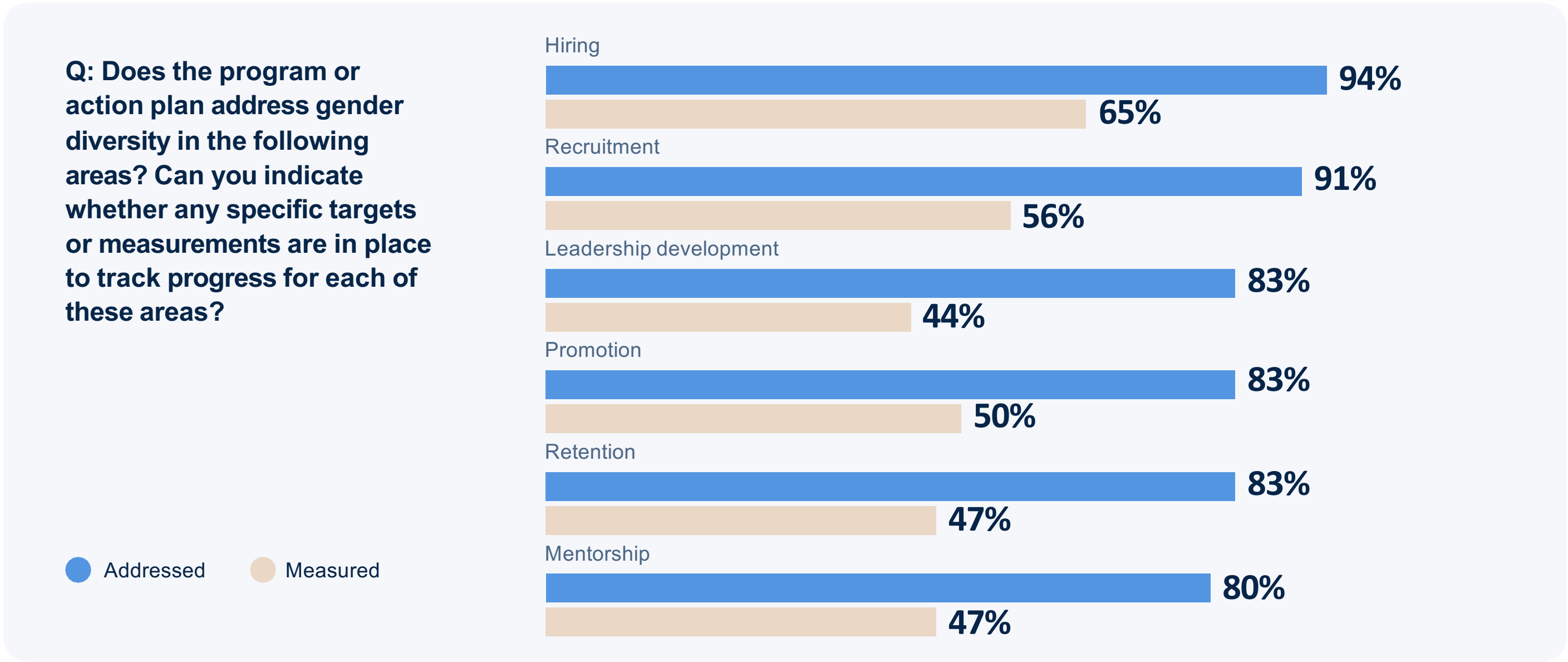
Q: What were the drivers for implementing a diversity program and action plan in your company?



- New views and mindsets that address investment decisions are the main goals of diversity programs, followed by the possibility of having a more balanced and positive environment.
- Some 59% of respondents also highlighted that diversity is pursued to improve corporate and fund financial performance.
- However, only 29% of respondents claim that a diverse team is needed to deal with stakeholders such as LPs. This result shows that the VC ecosystem currently does not perceive diversity as a key issue.

The downside: D&I strategies focus more on hiring and recruitment plans than career path opportunities. Gender diversity plans are also not properly measured.

The main targeted areas of D&I strategies in place



- Gender diversity programs mostly focus on hiring and recruiting women. These two areas are the most easily tracked.
- The leadership, development, promotion, retention, and mentorship of women are still important goals, albeit to a lesser extent.
- However, only around half of VC firms measure the progress made in these areas, with the percentage falling to 44% for leadership development. Young women could thus enter the VC space; however, without proper targets and measures to promote their career development, they could get stuck at junior levels with little or no influence or power over investment decisions.

The voice of the Partners

“

At PJT Partners, our success is based on recruiting, developing and retaining top-talent from a diverse range of backgrounds and experiences. We strongly believe diverse teams lead to superior outcomes and we are very happy to see there exists reliable, quantitative data to support our thesis within the venture capital industry.

We are very fortunate at PJT to already have a strong number of senior female leaders, and our global private capital markets team is led by women. We not only support reports like this one, but also lead focused events including PJT Partners annual Women’s Forum which gathers distinguished female executives and thought leaders from a range of industries.



Aga Masud
Managing Director in the Strategic Advisory Group at PJT Partners

“

It’s disheartening to witness that the venture industry is still facing a significant diversity and inclusion gap. Even though there’s been progress with more diverse individuals joining the industry in recent years, this report serves as a clear reminder of the substantial work that lies ahead. We’re far from achieving a truly balanced and equitable ecosystem.

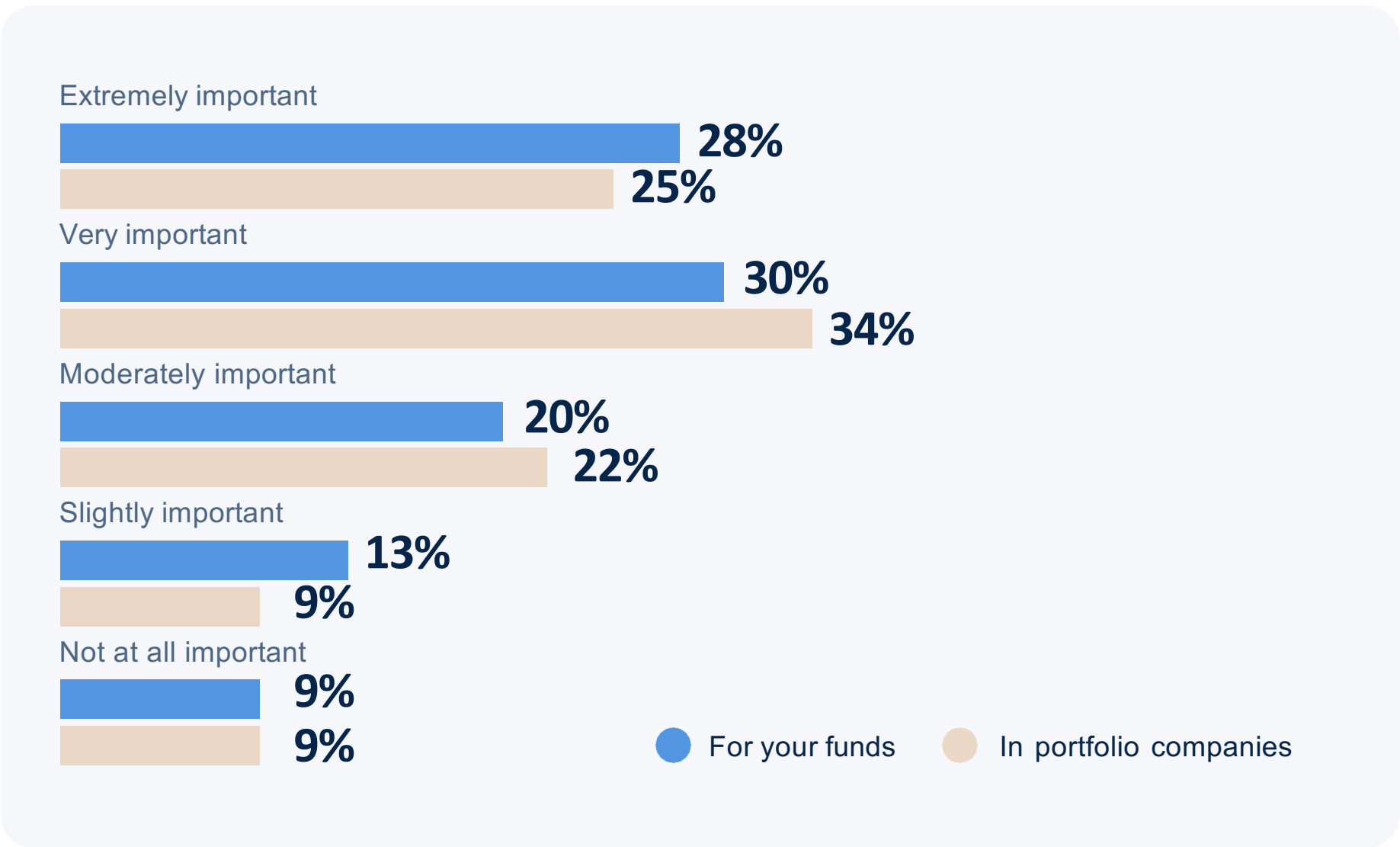


Bo Ilsoe
Managing Partner, NGP Capital

Diversity strategies in portfolio companies are relevant to LPs.

The importance of D&I strategies for LPs in funds and portfolio companies

Q: On the following scales, how important do you think having a D&I strategy is to your LPs?



- Gender diversity could become a crucial factor for LPs when addressing investment decisions from an ESG angle.
- VC firms still have a role to play in educating LPs on how diverse funds and companies can outperform competitors. D&I strategies are regarded as “extremely important” and “very important” by 58% and 59% of respondents, respectively. Such strategies are regarded as “not important” or “slightly to moderately important” by other respondents.
- Different studies highlight how more diverse companies can drive higher value. McKinsey’s report “[Diversity wins](#)” highlights that diverse companies (in terms of gender and ethnicity) are more likely to outperform less diverse peers in profitability. A [report from BCG on start-ups](#), funded by a U.S.-based accelerator, discovered that for every dollar of funding, start-ups founded or co-founded by women generated twice as much revenue than start-ups founded by men. According to [Slush](#), women-founded start-ups in Central and Eastern Europe generate 96% more revenue per euro invested than start-ups found by men.

Moving Forward: How to Ensure Gender Diversity Is a Plus



How can VC firms take action?



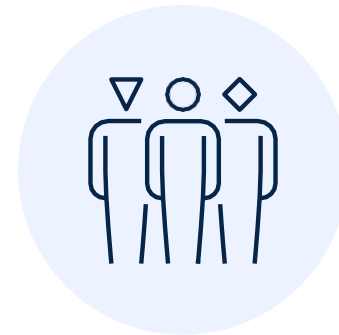
Treat gender diversity not as an ESG goal, but as a strategic priority associated with profit.

Fund performance led by women, and fund performance in general, is not properly measured. Assessing the value generated by women in VC funds is a concrete starting point that ensures diversity is more than just an empty word.



D&I strategies are not “the solution,” but are still important (if properly measured).

VC firms should include more D&I strategies into their workplace and corporate policies, as support for gender diversity will not be tangible without proper initiatives in place. VC firms should also measure gender diversity outcomes with a concrete, clear, and transparent set of KPIs that should be reviewed at a predefined frequency.



Help female juniors advance in their career path toward full partnership.

The hiring and recruiting of women will not be enough if women sit forever at the bottom of the organizational pyramid. VC firms can improve gender balance and support internal leadership and mentorship programs by applying the gender proportionality principle (GPP), which stipulates that “a given level in the organization should aim to reflect the gender composition of the level immediately below it.” GPP is increasingly being adopted in corporations and it could be similarly adapted within VC organizations.



Communicate properly to spread change.

Gender diversity strategies, policies, and success cases in VC firms should be openly communicated in websites, articles, and corporate statements. Communication could be a valid tool for breaking old biases and traditional networks in the entire ecosystem.



Move toward full equality and let the “versus” become a “plus”

While gender equality is one step of the ladder toward inclusion, minorities should not be neglected. VC firms can create balanced teams and generate more value by ensuring that each individual has equal access to personal growth and career and investment opportunities. By doing so, they can prevent unnecessary conflicts pertaining to gender, ethnicity, or sexual orientation.

How can LPs take action?



Do not miss the value of gender diversity in VC investments.

Market research shows that women add value as VC members, founders, and entrepreneurs. Check the men-to-women balance in the VC organizations you engage with to drive investment decisions.



Promote a D&I Strategy in VC funds and portfolio companies.

As a key stakeholder, encourage VCs to adopt a more diverse strategy in the funds they manage and within portfolio companies.



Ask for specific monitoring and reports on VC fund's progress in gender diversity.

European VC firms are not properly measuring the success of their D&I strategies. As a stakeholder, ask VCs you engage with to measure D&I strategies with proper KPIs, both inside the company and across the portfolio strategy.



Be the change you want to see.

Men make up the majority of LPs. This disparity may hinder development of more diverse environments. Consider, if you have not already, assessing your own gender gap level and taking remedial actions, including promoting your own D&I strategy and policies. In the long term, diversity can become a winning element for the entire funding ecosystem as well.

Some of our survey respondents quotes

“

As a VC firm, we are building the next generation of cutting-edge companies. We strongly believe that more diverse teams will deliver better results, reduce biases in decision making, and ultimately have a higher impact on patients and society.



Paula Olazábal
Partner and D&I Officer,
Ysios Capital

“

Diversity breeds diversity, and diverse fund excel! So, let’s work on female GPs becoming mainstream!



Dr. Regina Hodits
Managing Partner,
Wellington Partners

“

Female partners should not be seen as ESG targets but as a wise business decision with a profitable outcome.



Irina Dimitrova
Partner, LAUNCHub
Ventures

Closing remarks

The European tech ecosystem has proven resilient despite uncertain macroeconomic conditions. However, gender diversity remains minimal in European VC firms, limited partnerships, and start-up ecosystems.

In the wake of other global research, this report proves how gender diversity is beneficial in terms of value generated for investors and companies alike.

EWVC and IDC hope that more research of this kind will lead to real changes in the European VC landscape that affect LP interactions and investments in women- or co-led start-ups.

Thank you very much for your attention so far!

If you want to know more about the EWVC community:

[Venture Capital | European Women In VC \(europeanwomenvc.org\)](https://europeanwomenvc.org)



If you want to know more about IDC research:

[IDC: The premier global market intelligence firm.](https://www.idc.com)



Founding members of EWVC



Kinga Stanislawska
Founder of EWVC



Helen McBreen
Atlantic Bridge



Jenny Ruth Hrafnisdottir
Crowberry



Anne Glover
Amadeus



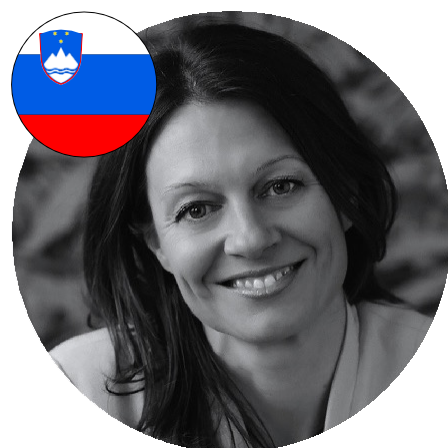
Simone Brummelhuis
Borski Fund



Elina Halatcheva
Brightcap



Almudena Trigo
BeAble Capital



Tatjana Zbasu Mikuž
South Central Ventures



Inka Mero
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Kasia Piasecki
Managing Director



Selma Peters
Community Manager

Appendix



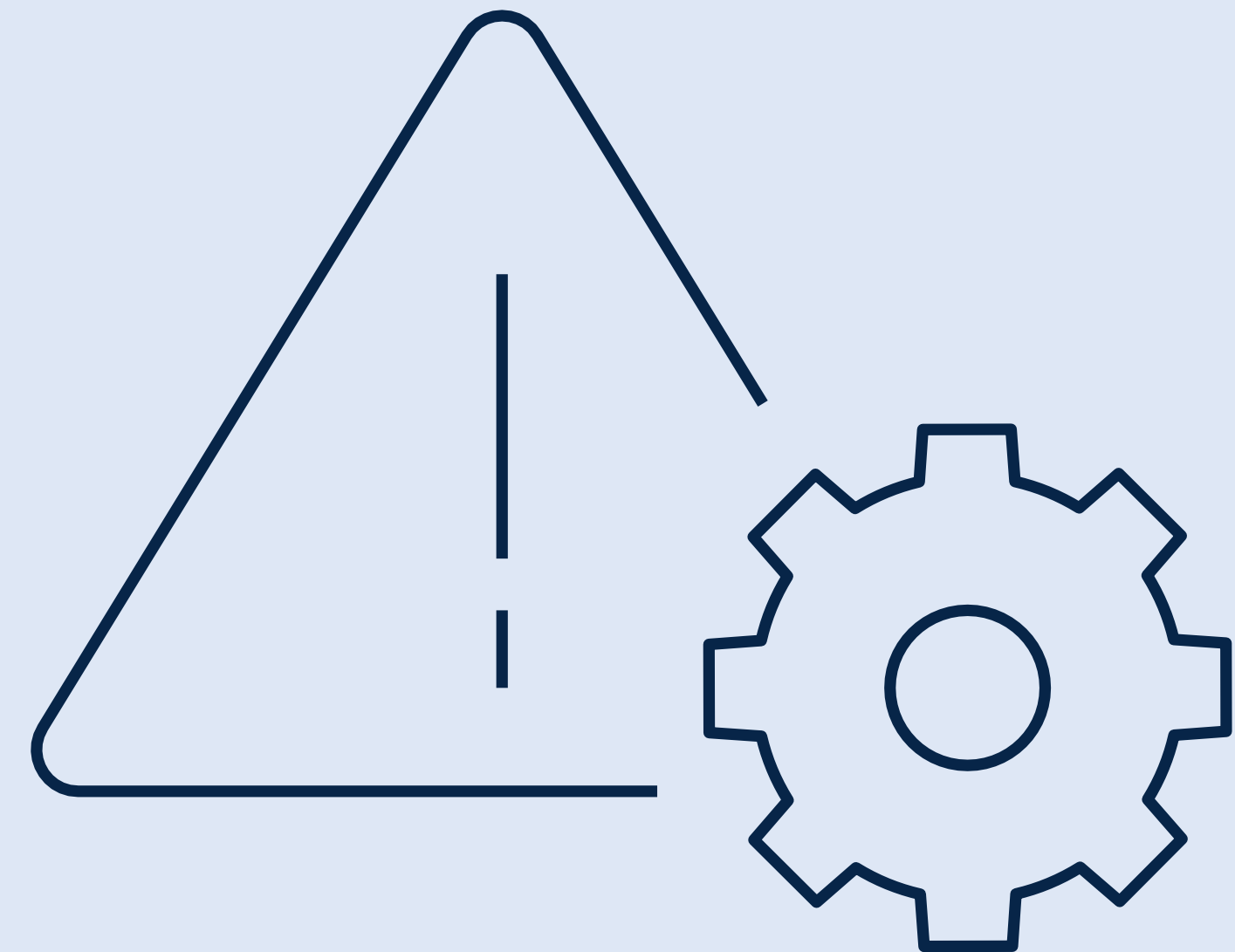
Methodology

- This research is based on a proprietary survey conducted specifically for this report and desk research from PitchBook data. The research focused on VC firms headquartered in Europe (27 EU members, plus Iceland, Norway, Switzerland, and the United Kingdom).
- A web survey of 104 VCs, representing 220 funds with combined AUM of nearly €12 billion, was conducted.
- The web survey was combined with desk research on sample data from PitchBook. The analysis covered 558 VC companies each with over €25 million in AUM. Data was collected on general, managing, and founding partners and their genders, representing 1197 people, 1560 funds, and AUM of €148 billion.*
- Final data on the balance of male and female GPs is weighted data from both desk research and survey results. Final data on firepower is only based on desk research.
- The correlation between fund financial performance and gender mix management is based on a smaller sample of 100 VCs and 220 funds with a combined AUM of nearly €32 billion. In the sample, 34% of the funds are managed by males, 49% by mixed teams with male majority, and 17% by mixed teams with female majority.
- The regression analysis presented in this report measures the relationship between VC senior management gender mix and median fund IRR. Senior management positions include GPs, founding partners, board members, C-level executives, and other senior decision-making roles.



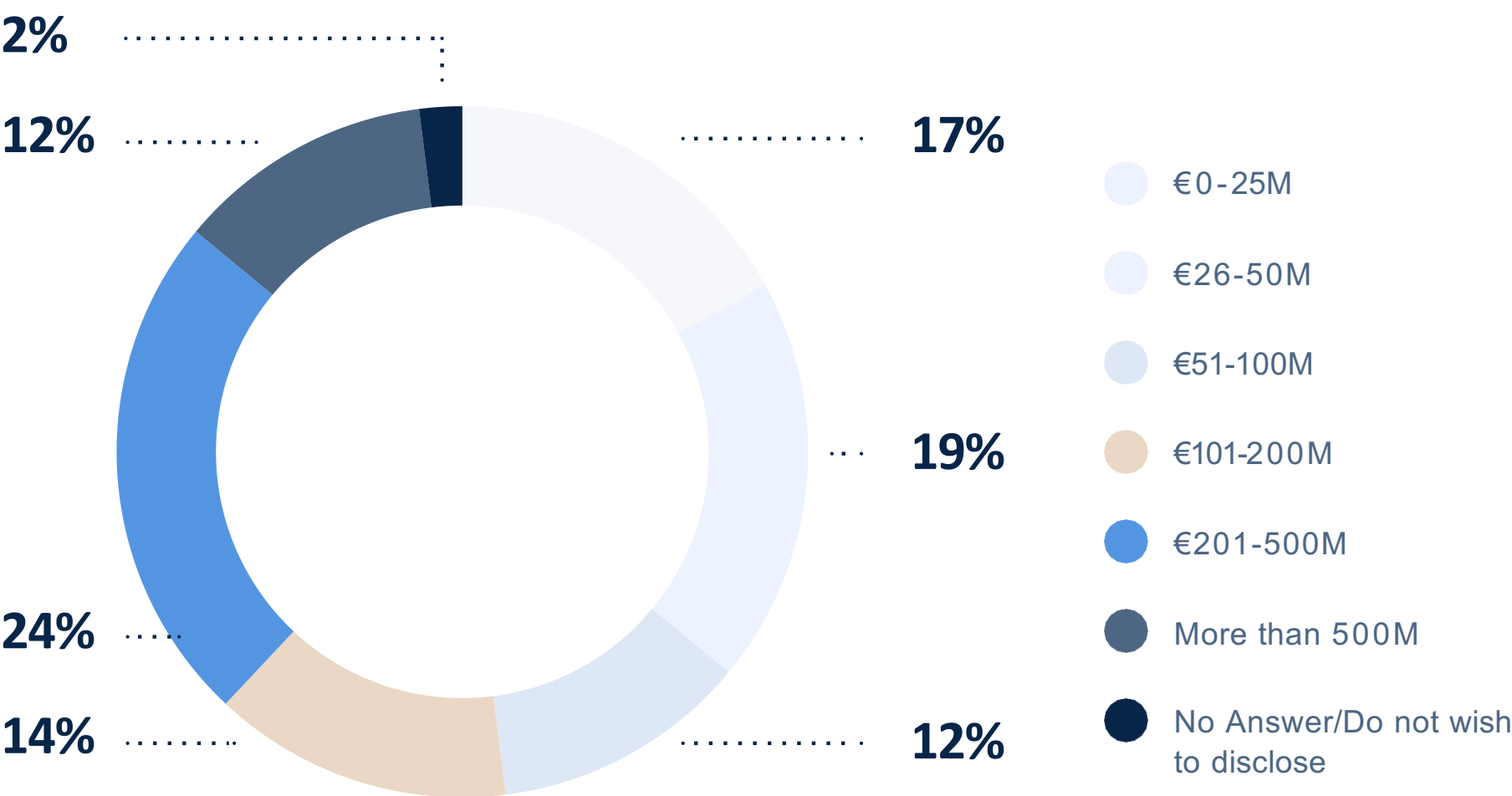
Research Limitations

- This work aims to shed light on how gender diversity and inequality impacts the VC sector, including fund financial performance.
- The number of VC companies providing fund financial performance indicators in Europe is currently limited, although this number is still statistically relevant. The number of VC and related funds analyzed for this report was narrowed down after proper data cleaning and verification. IRR was used in the final analysis because it was the most widespread performance indicator available across funds.
- The overall representation of men in VC management teams is still much higher compared to women. As a result, the number of VCs led by majority-female management teams is relatively low.
- The positive correlation between the representation of women and the financial performance cannot be interpreted as a cause-and-effect relationship. The correlation between these variables does not necessarily mean that one causes the other.
- Additional control variables affecting IRR such as sectors, size, fund generation, vintage, stage, or geography were not investigated.
- The analysis of the past financial performance of VC funds is not indicative of future financial results.
- This report's aim is to be a conversational starter and a catalyst for further transparency of the VC and growth fund space in Europe.



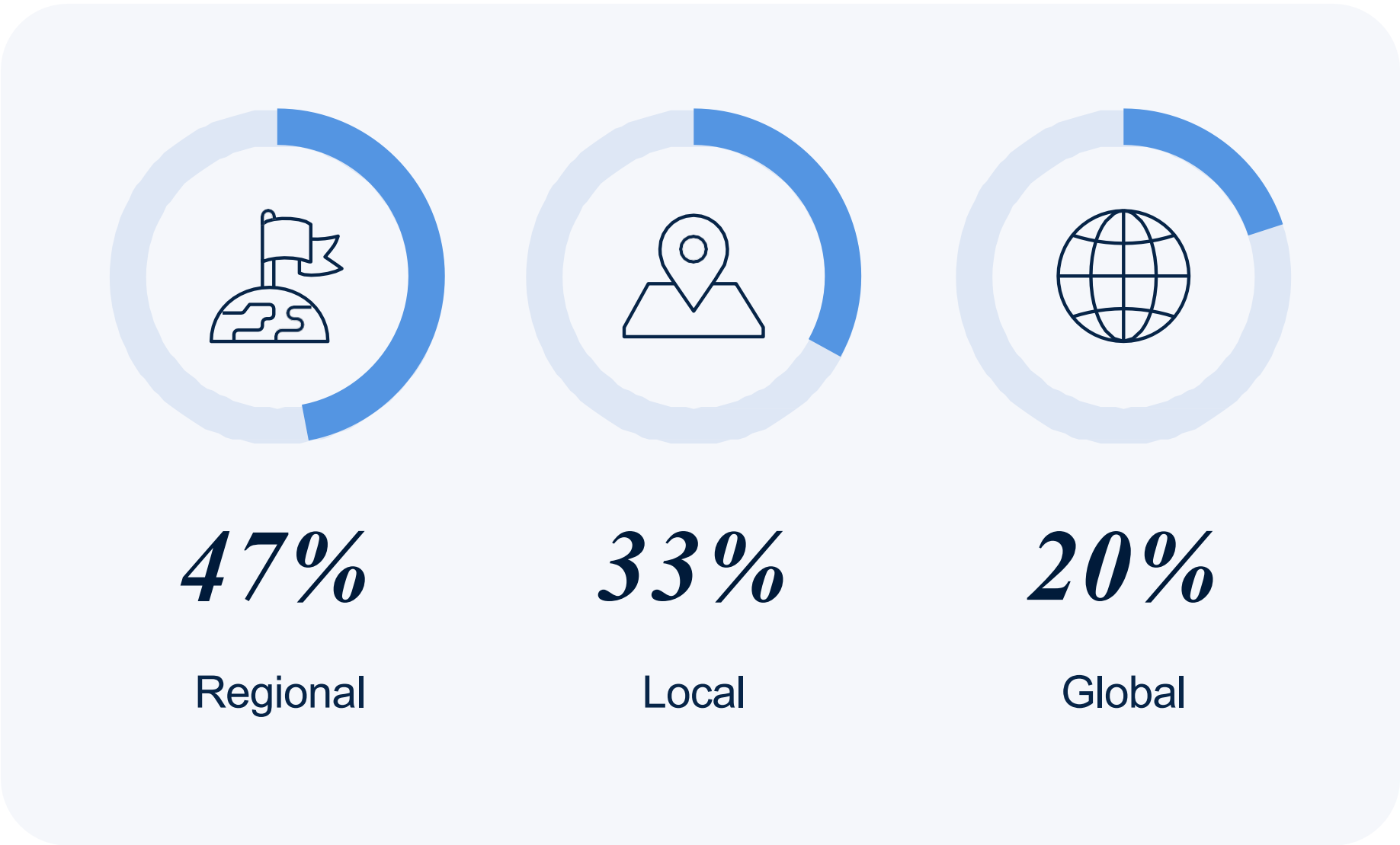
Respondents' demographics

By total size of available VC funds



By deployment strategy

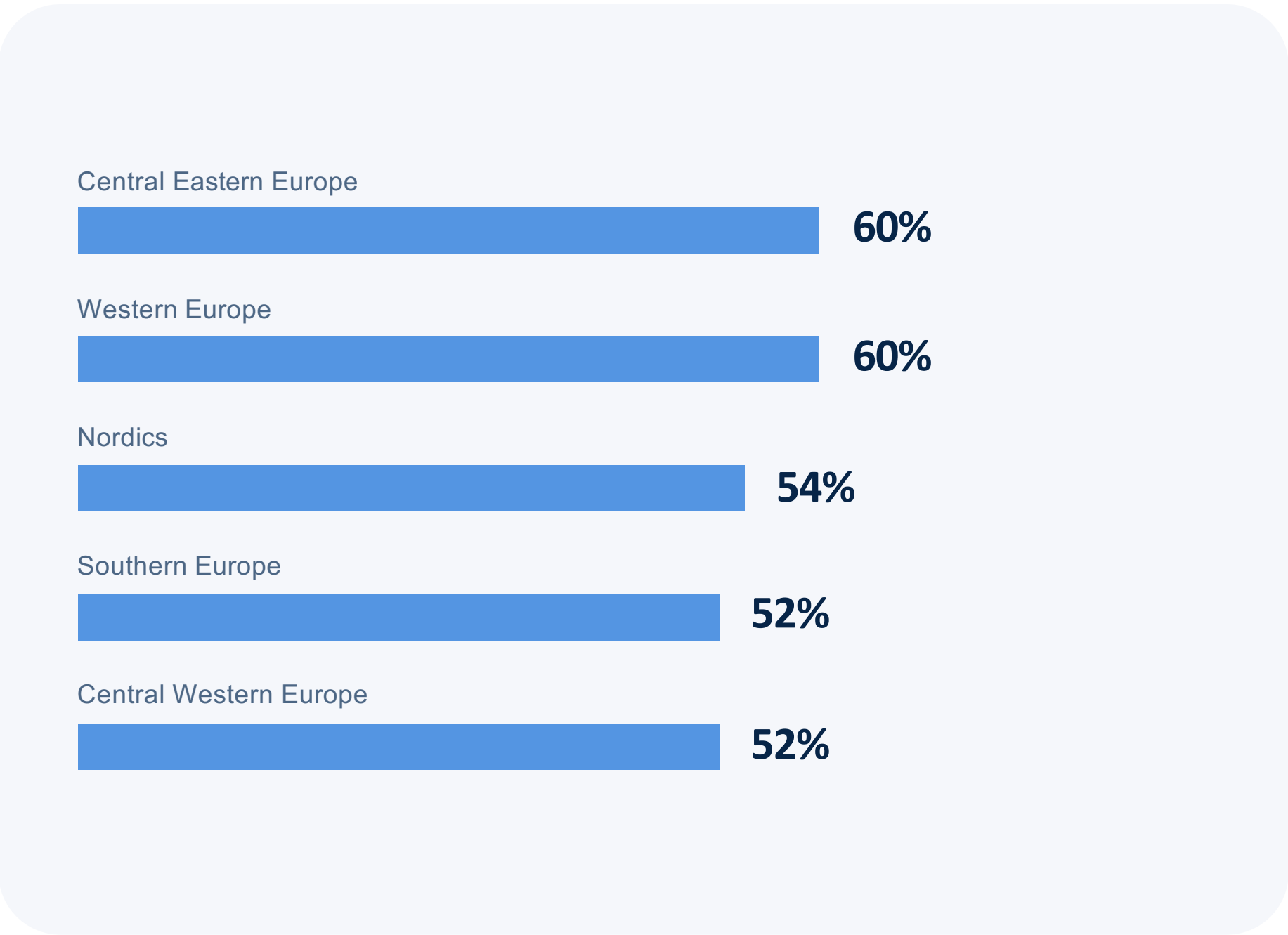
Multiple selection



Respondents' demographics

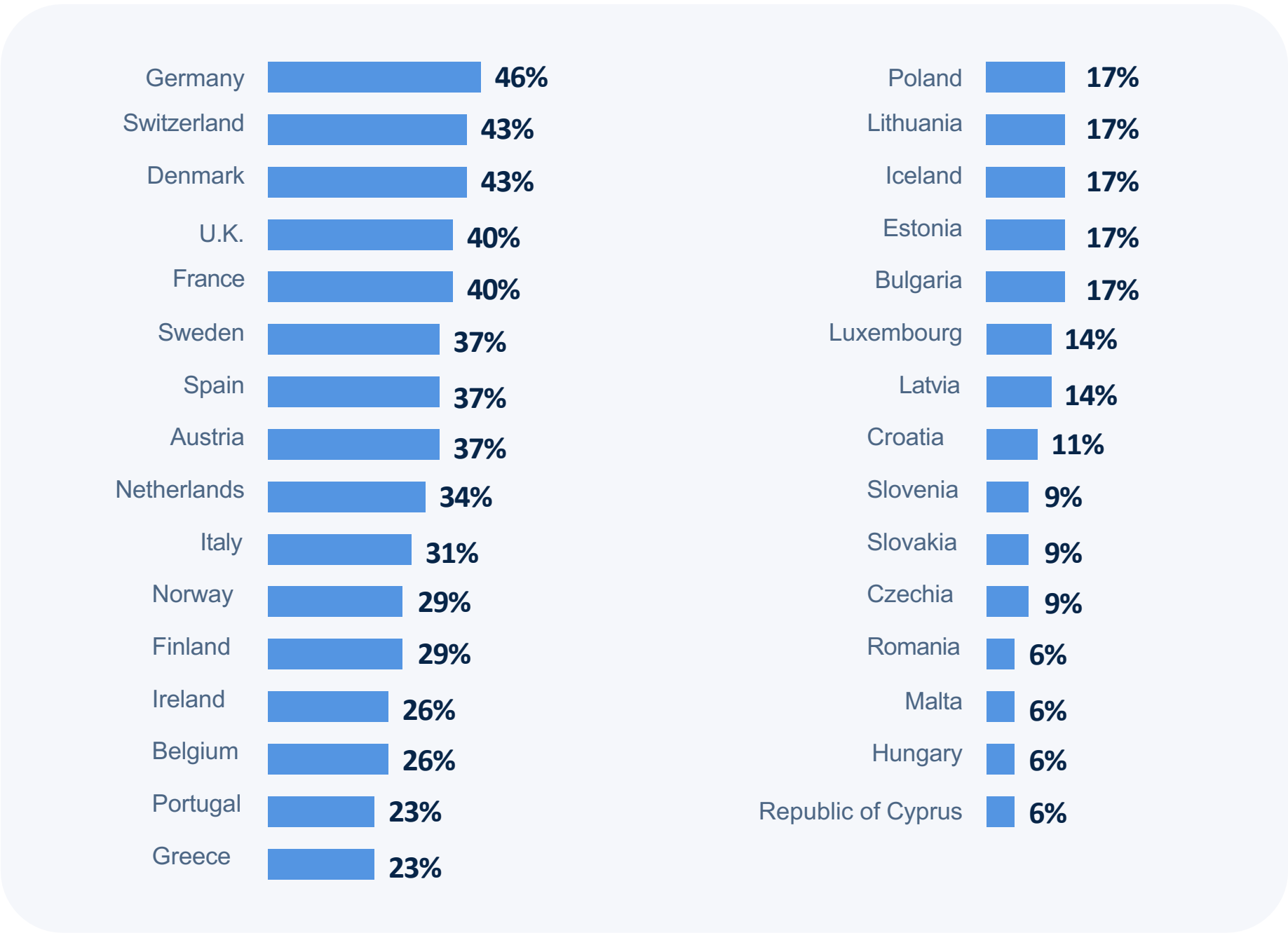
By deployment strategy

Regional (multiple selection)



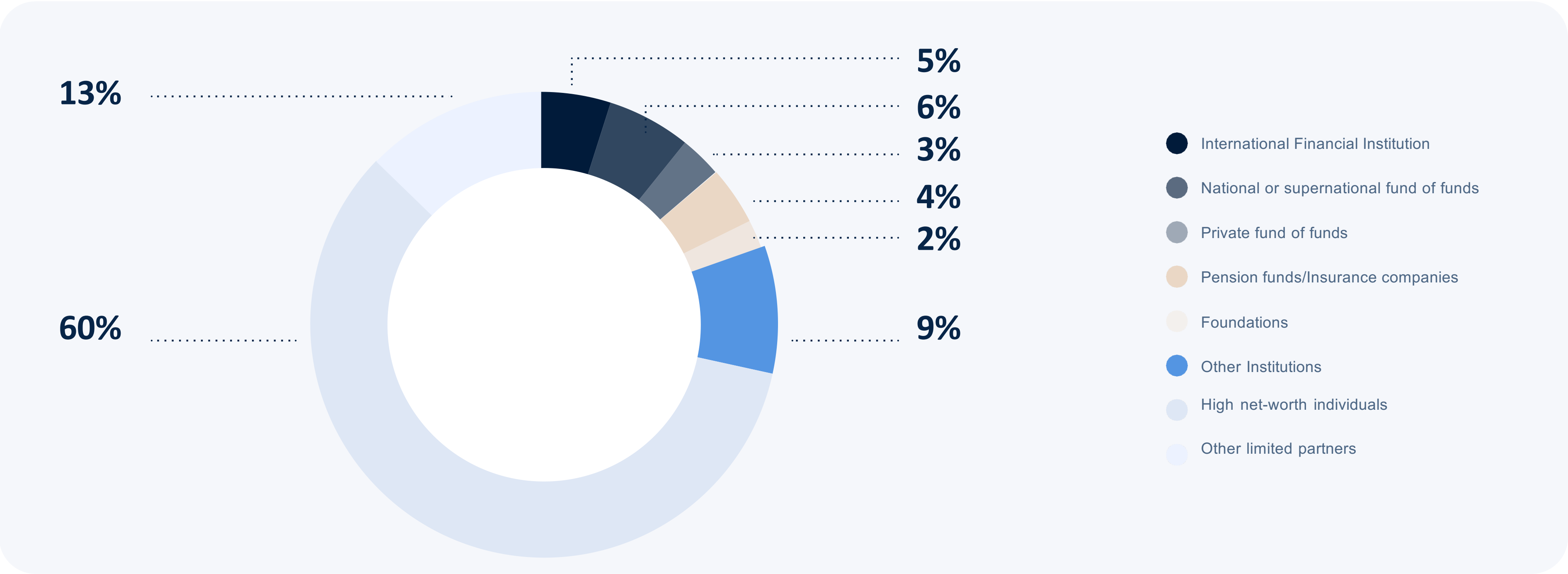
By deployment strategy

Local (multiple selection)



Respondents' demographics

Categories of LPs that respondents interact with:



Definitions

Assets Under Management (AUM): Also termed Funds under Management, AUM is the total market value of all the financial assets that a financial institution (such as a venture capital firm) controls, typically on behalf of a client.

Carried Interests: The percentage of profit that will go to the fund manager. It is how a GP is paid as incentive compensation to the VC fund's general partnership, when LPs see a return on their investment.

Diversity and Inclusion (D&I): A term used by organizations and training programs that attempt to ensure all people, regardless of race, gender, or other demographic attributes, are able to succeed in an organisation. In more detailed terms, also called a DEI strategy, where the E represents Equity (the concept of providing equal opportunity).

General Partner (GP): The individual who manages the VC fund(s), raises and allocates investor capital, and supports the founders of the companies in which they invest. Carries an interest, receives returns from management fees and fund distributions, and has substantial shares in the venture capital fund management company. Own shares of the General Partnership or the relevant advisory company to the fund.

Internal Rate of Return (IRR): An estimate of the profitability of financial investments, a discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis. In other terms, it is the expected compound annual rate of return that will be earned on a project or investment.

Limited Partners (LPs): The institutional or individual investors that have invested capital in a VC fund. LPs could include endowments, corporate pension funds, sovereign wealth funds, wealthy families, and funds of funds.

Managing Partner/Managing Director: The senior-most partner in the VC fund management company, voting on deals under consideration. Concerned with guiding the firm's overriding operational and strategic decisions.

Median: In statistics and probability theory, the median is the value separating the higher half from the lower half of a data sample, a population, or a probability distribution. It is used as alternative of the mean (average), since it is not skewed by outliers.

Principal: Senior member of the VC firm's investment team who is central to fundraising efforts and makes decisions around strategy and investments. Often takes on mentorship roles in companies after investment. However, a principal does not have the ultimate power to make decisions for the VC firm. Eventually, a principal may become a partner.

Venture Capital (VC): A form of private equity and a type of financing that investors provide to start-up companies and small businesses that are usually seeking substantial funds for the first time and are believed to have long-term growth potential (Investopedia).

Secondary sources mentioned in this report:

[Atomico, December 2022, The State of European Tech 2022](#)

[BCG, May 2018, Why Women-Owned Startups Are a Better Bet](#)

[EIB survey: Evidence for why it makes sense to support female entrepreneurs in Europe](#)

[European Women in VC, Experior VC, 2021, Funding in the CEE region. Through the lens of gender diversity and positive impact](#)

[Harvard Business Review/Harvard Business School. October 2018, Diversity Boosts Profits in Venture Capital Firms](#)

[IDC, European Women in VC, May 2022, Analysing the role and importance of women as cheque writers and start-up founders](#)

[McKinsey & Company, May 2020, Diversity wins - How inclusion matters](#)

[PitchBook, January 2023, Global Fund Performance \(as of Q2 2022 with preliminary Q3 2022 data\)](#)