



# DEI IN THE NORDIC VC INDUSTRY

Perceptions, realities and the way forward

2022

# A NEED FOR NORDIC VC RESEARCH

Since the beginning of Inklusiiv, we've been vocal about the important role VCs play in creating a more diverse, equitable and inclusive tech industry. In 2019, in partnership with Atomico, Maki.vc And Northzone, we hosted our first Slush side event for investors, challenging them to do more. Our suggestion to host a training about unconscious biases to their investor teams sparked action in many VCs. The same year, the State of European Tech report, published by Atomico and Slush, provided insight into the state of DEI in European tech and served as a great kickstart to level up the discussions in Europe.

We at Inklusiiv are on a mission to change the startup and tech industry for the better. This has led us to collaborate with VCs in various ways, like hosting events, sharing knowledge and providing training to numerous VC firms in Europe.

"One barrier is clear; there is a lack of research about DEI and VCs in the Nordics."

One barrier has been clear, and we've heard it numerous times: there is a lack of research about DEI and VCs in the Nordics. A few important studies have shed light on the situation, such as the Startup Funding Report (2022) by Unconventional Ventures and the Diversity in Board Seats report (2022) by the Finnish Venture Capital Association and PwC. However, a more holistic understanding of VCs' role in DEI change and what the barriers in DEI change has been insufficient.



We decided to explore this topic, in collaboration with VALIDEI's Laura Smith, to acquire more data and generate new knowledge, so we could equip everyone with a better understanding of the situation in the Nordics and move the needle forward. Inklusiiv's mission is to create and share knowledge about diversity, equity and inclusion (DEI) and support organizations to transform it into action. That's why we're proud to collaborate with others in an effort to close the knowledge gap of DEI in Europe.

Katja Toropainen,  
Founder & CEO

*Inklusiiv*

# AN OPEN LETTER TO VCS IN THE NORDICS

When I first began chatting with Katja about the idea that would become this project, the motivating questions for me were “What could be done?” and “What can I do?”.

A company that I had researched and consulted with was going through an exit with the expected results: the founding team and early joiners would receive life-changing payouts, and all of them would have the resources and track records to start or fund other companies. To note, this group of beneficiaries included only middle-aged White men.

The women and other underrepresented talent in the company would only receive a pittance. They were later joiners, only on the periphery of opportunity.

If you're in this ecosystem, you know that this situation is standard. It's about as common as reports noting the lack of diversity amongst venture capitalists. After so many examples of the same thing, however, the questions do emerge and compel: “What can be done? What can I do?”

For me, I can research. I can do root cause analyses, and realize– as I've done – that at the latest point to break these cycles, teams are in an existential struggle. They're searching for market fit and for funding – financial lifelines to help them survive the year and, hopefully, someday thrive.

And at that point, there are only two voices that truly resonate: those of the customers and of the investors.

**Those voices have a say.  
What they ask, the startups  
answer; what they demand  
somehow gets done.**

I designed and researched this project to help you as a VC ask questions with impact, make requests that evolve ecosystems. Moreover, I wrote this to help you answer the questions that originally motivated me: What can be done? What can I do?

Because if this ecosystem is going to change, you are going to be amongst the ones spurring its evolution. The companies you choose, the questions you ask, the realities you sponsor – they matter and shape the future.

So, this year, let's do something different. Let's learn more, certainly... but more than that, let's do better.

Laura Smith,  
Founder



**VALIDEI**  
Responsible Research

# ABOUT THIS STUDY

## PURPOSE

Across studies, the data has been clear and consistent: there is limited demographic diversity in the Nordic venture capital (VC) industry, and that has not significantly improved in the past five years. Few studies in the region, however, have explored why this is the case or how the VC industry in the Nordics might practically evolve to become more diverse, inclusive, and equitable. This study serves to fill that gap.

## RESEARCH QUESTIONS

- What do VC investors and firms (VCs) perceive as the reasons for the lack of demographic diversity in the Nordic VC ecosystem?
- By which means can and do VCs develop diversity in this system?

## METHODOLOGY

Answering initial questions around the how and why of a phenomena, the study is a qualitative exploration with mixed methodology, involving surveys and interviews with 30 participants representing 25 venture capital firms active in the region. Insights were inclusively derived, with 10 VC investors participating in sensemaking exercises for data validation and interpretation.

Participants were sourced at investor events, via social media, and through professional networks. Investor demographics were balanced to include perspectives from those underrepresented in the industry by ability, age, immigrant status, nationality, and race. Half of the participating investors were women.

## APPLICATIONS

The goal of this study is to both leverage and facilitate peer learning through providing examples and suggestions for impactful DEI development in the Nordic VC industry. Through sharing insights and paradigms derived from them, we hope to enable venture capitalists and other ecosystem stakeholders throughout the region to move from reflecting on the state of DEI to consistently working to advance it.

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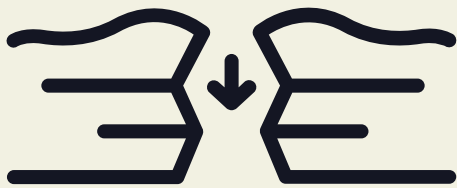
Sponsor: Inklusiiv ry

For more information on the data or methodology, please contact Laura Smith (laura@validei.com).

# KEY FINDINGS

## MIND THE GAP.

Participants commonly scoped their DEI development efforts to reporting binary gender data or to providing ad hoc DEI advice. This scoping left broad awareness and action gaps for impactful DEI development.



## MENTALITY MATTERS.

Participants who understood their responsibility as VCs to entail both societal and financial stewardship consistently embedded DEI considerations throughout their firm, communications, and founder relationships.



## WORK THROUGH THE FIRE.

Participants underestimated their personal agency in advancing diversity, despite collectively demonstrating their ability to do so through FIRE – that is, in their Firms, as Individuals, through their Relationships, and in the broader Ecosystem.



## PROGRESS IS EARNED.

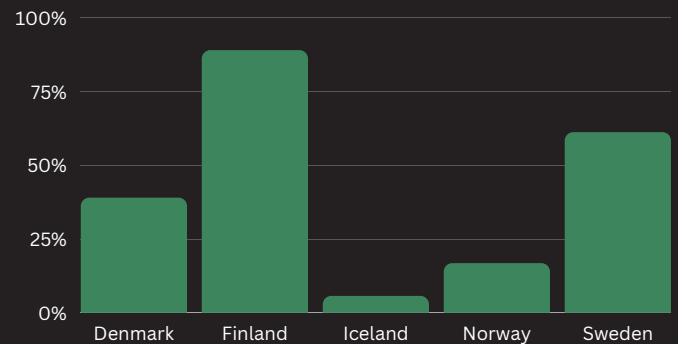
Key actions for diversity development can be mapped onto an EARN model, by which VCs can take initiative to Educate, Assess, Report, and Network around DEI topics appropriate for their targeted areas of development.



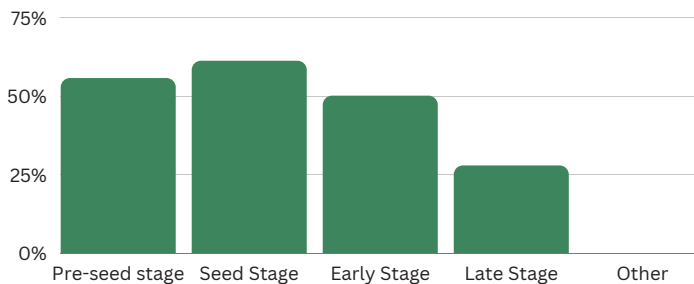
# ABOUT THE PARTICIPANTS

25

Participating VC firms



Nordic Countries Invested in within the Past 12 months



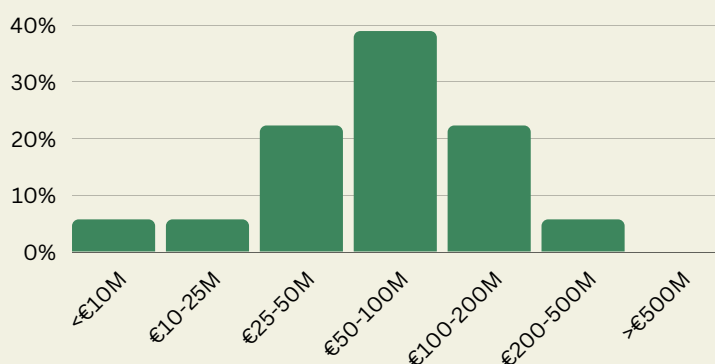
Distribution of VC Investment Stages

8.17

Average Number of New Investments  
Made in the Past 12 Months

6.56

Average Number of Follow-On  
Investments Made in the Past 12 Months



Distribution of Current Fund Size

3

Average Number of Partners

5

Average Number of Non-Partner  
Investment Team Members



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## **SECTION 1**

# **Diverse Realities, Diverse Perspectives**



# INTRODUCTION

Multiple studies in the region have repeated the same findings: female founders in the Nordics receive significantly less funding than do their male counterparts, and founders of minoritized races and ethnicities receive single-digit percentages of support from VCs in the region.<sup>1</sup>

These reports have coincided with increased media coverage on the state of diversity in this industry, along with calls to develop DEI in the venture capital ecosystem more broadly. To understand how this may be accomplished, it is imperative to define what exactly is being discussed – and more importantly, what is needed.



## DEFINITIONS

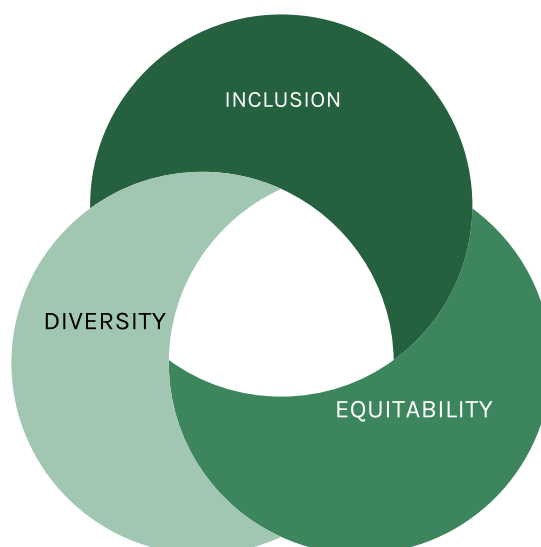
For many, DEI has become an acronym without clarity: it's understood as a three-letter concept that fits somewhere in the alphabet soup of corporate activism amongst CSR, HR and ESG.<sup>2</sup> For participants in this study, then, DEI was defined as three separate things:

**Diversity:** different people, perspectives, experiences, and skills

**Equitability:** fair systems, practices, and policies

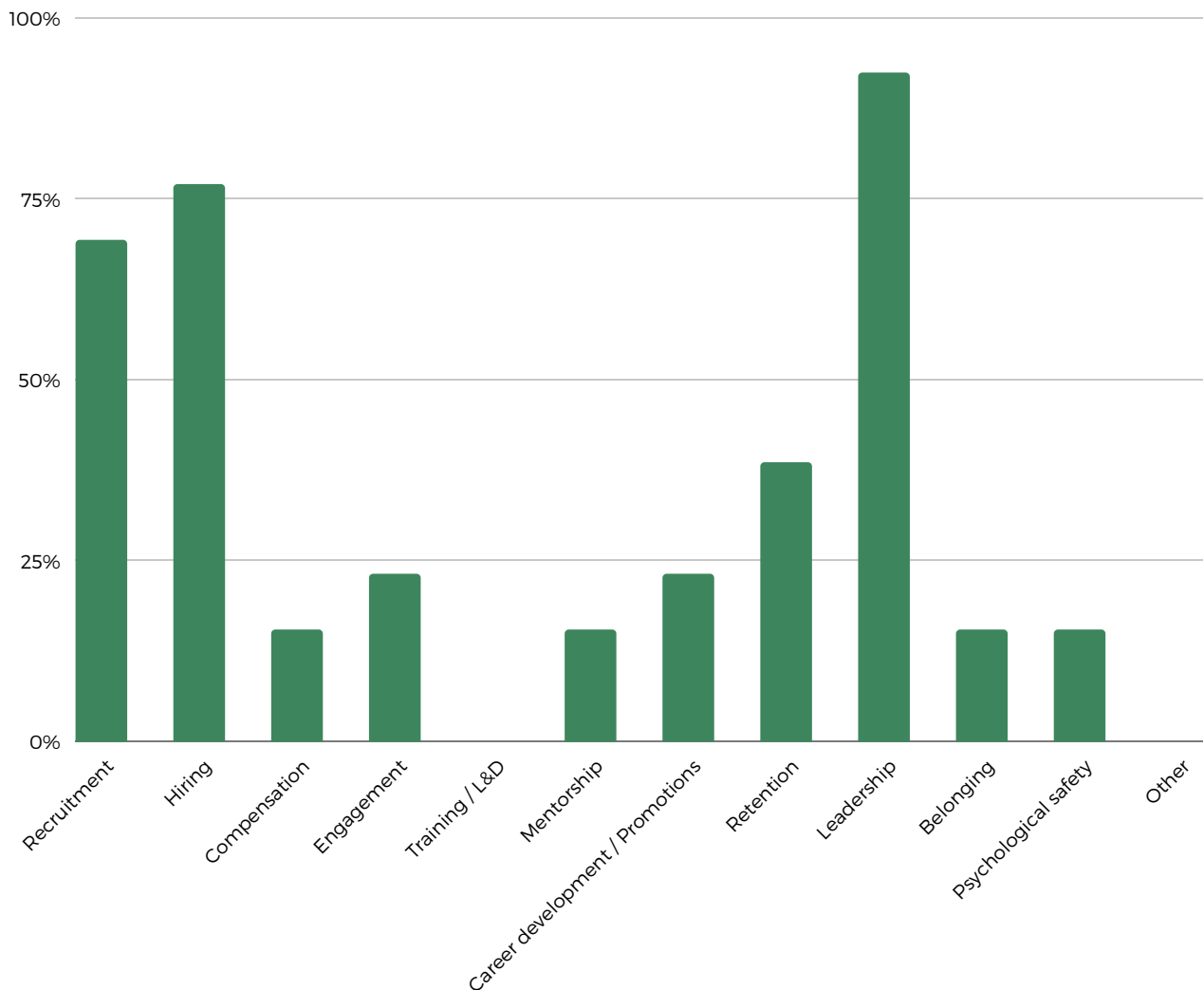
**Inclusion:** resulting experiences and feelings

In practice, diversity describes the presence and visibility of human differences in such areas as recruitment, hiring, and leadership. Equitability refers to relative fairness and access, particularly with regard to compensation, training, mentorship, and career development. Inclusion denotes the experiential outcomes of various groups within a company through differential levels of employee engagement, belonging, psychological safety, and retention, among other areas.



1. Atomico (2021): State of European Tech 2021; Åstebro, Rafih, and Serrano (2022): Venture Capital Financing in Europe: Gender and Ethnic Diversity in Founder Teams; TESI (2021) Diversity Review 2020: Persistently Developing the Diversity in the VC/PE Market; Unconventional Venture (2022): Startup Funding Report 2021  
2. Corporate Social Responsibility; Human Resources; Environmental, Social, Governance

### In which areas of operation does your VC currently evaluate DEI?



92.3%

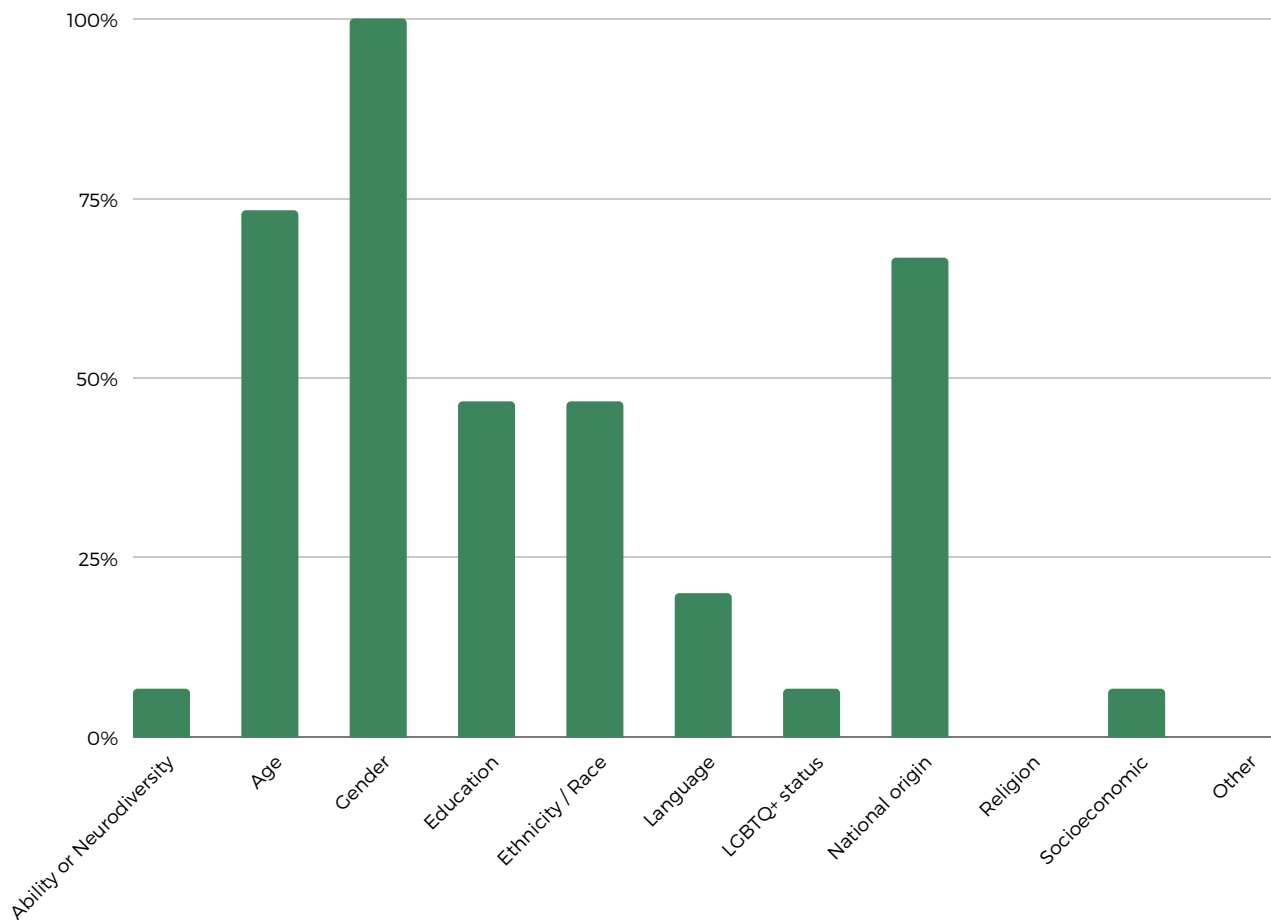
evaluated leadership

0%

evaluated training or  
Learning & Development

Although all three DEI pillars may affect team viability and financial performance, it is important to note that most participants in this study focused exclusively on diversity, overlooking evaluations of equitability and inclusion in both their own firms and in the companies in which they have invested.

### Which type(s) of diversity does your VC consider?



100%

considered gender

0%

considered religion

More specifically, participants held gender as the primary dimension of diversity to evaluate, with most also taking into account age and national origin. Demographic categories such as age, ability, race, ethnicity, and sexual orientation which are commonly evaluated in other regions were largely overlooked by participants in the Nordics. Interpretations of applicable EU regulations on data protection and privacy (i.e., GDPR) played a major part in the types of diversity data that are directly collected and shared.

# VC DIFFERENCES MAKE A DIFFERENCE

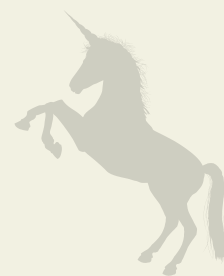
Beyond legal considerations, however, the types of diversity that are identified and prioritized for development in the industry relate to the considerably different realities and perspectives across VC firms. From the number of team members to their industry focus or investment theses, venture capitalists have different considerations which affect their pace and approach to developing diversity.

One relevant consideration is whether a VC firm holds board seats or advisory roles in their portfolio companies. The majority of participants in this study were in positions to take such roles in the companies they invested in, and this position of authority afforded more opportunities to request regular diversity-related reporting or to require change. In contrast, investors without board seats or advisory positions more commonly found themselves with less data access and a much quieter voice with which to request change at all.

"In a company where we're just a very minor owner, we would never see the founder. We don't even have information rights like other VCs may have. Basically, we read in the news if they were acquired, and then we watch our bank account to see if we get any money back or not."

A VC firm's reality fundamentally affects how it scopes and prioritizes diversity development, although in this study, the most pronounced effects on diversity development were related to how participants defined their own responsibility towards this topic, as venture capitalists.

"You have VCs who are hunting unicorns, who are gambling. You have industrial VCs, who are looking at the industry and industry-specific developments, and you have VCs that are hunting for camels, which is a totally different game from the basic unicorn hunters."



# FINANCIAL AND SOCIAL STEWARDSHIP

All participants articulated their responsibility as VCs to entail a form of stewardship, but in describing that stewardship, some participants emphasized financial caretaking - that is, the responsibility to deliver outsized returns to their limited partners (LPs) - without also considering social responsibility.

VC Orientation to Stewardship			
	Purely Financial Stewardship	→	Financial + Social Stewardship
Internal DEI	Not consciously developed	Intentional efforts made for diverse recruitment	Processes & training for the recruitment, support, and development of underrepresented team members
DEI-related communications	No statements	Reactive public statements only	Proactive advocacy via media & discussions
DEI-related reporting from portfolio companies	Not requested	Ad hoc	Required or regularly requested
Founder relationships	Limited	Advisory support as needed	Mentoring
DEI-related support	Nothing intentional or planned	Ad hoc discussions or introductions	Pre-compiled DEI resource packages, trainings, network introductions

VCs with an orientation towards social stewardship noted the impact of their decisions on the future, and often measured that impact along with their ESG metrics. Seven out of nine VCs with strong social understandings of their roles had defined diversity strategies or regularly requested diversity data from their portfolio companies. By contrast, only two of nine participants with purely financial understandings of their stewardship had a diversity strategy at all, and none regularly monitored or requested diversity data from the companies in their firm's portfolio. Exclusively financially-focused VCs also were less likely to perceive a need for diversity in their firms' own experiences, expertise, and perspectives to better attract and select for diversity in their portfolio companies.

"I would say the biggest thing in the role of VCs would be to figure out how to find the outliers that actually return the fund. And those are often not the people that look or resemble yourself.

There are other people that are in different circles and environments that we have to find that we may not identify with right off the bat – and find out if there's something that they know, some type of secret that they understand about the problem, which makes them the best person to be able to solve that issue.

Outliers aren't necessarily the people that went to school with you at Stanford or Harvard, right? They are the people outside the realm of what you normally think. It's diversity."

For clarity, no participant in this study was overtly averse to the idea of increasing diversity. Everyone involved volunteered a significant amount of time to share their opinions and actions related to this topic, and all participants were taking some actions to advance diversity at some level. It remains, however, that only half the participants saw those actions as integral to their responsibility as investors. Of those who did, all but one of them expressed a clear understanding of their social stewardship responsibility as VCs.

## RELEVANCE AND APPLICATION

Through this study, we look for meaningful ways to advance diversity by learning from a broad group of VC firms and investors who are already active in this thematic area. To be clear, that subset of venture capitalists is not the majority of VCs active in this region, nor are their perspectives on this topic necessarily representative of the priorities or orientations of most of their VC peers. These findings, then, although of this region, cannot be generalized to reflect the realities of all VCs within the Nordics.

The insights shared here, while not representative, can yet provide value to wider audiences in the industry who have curiosity or conviction in this area. We will thus explore the participants' diverse perspectives and approaches to developing diversity in the following chapters, with a goal of affecting (more so than reflecting) the current Nordic VC landscape.

These views do not represent all Nordic VCs.

These insights, however, can benefit most of them.

## SUMMARY

There are several factors that affect whether and how venture capitalists in the Nordics develop diversity, equitability, and inclusion in their firms, portfolio companies, and in the industry. The breadth of perspectives involved in this research is intended to reflect that diversity and provide value for a broad range of Nordic venture capitalists with interest in this topic.

In this study, as in this region, we focus primarily on diversity, with a particular emphasis on gender diversity. We occasionally note perspectives and learnings related to other aspects of diversity, equitability, and inclusion, as relevant to the discussion.

Participants in this study had various motivations and means for developing diversity through their roles as VC investors, and in the next chapter we explore the range of challenges that participants identified in attempting to do so. In the chapter thereafter, we identify solutions for those challenges and recommend actions that VCs of various types and DEI development stages can take.



# VC APPLICATION POINT

What are you stewards of?	
<p>If you're a VC investor or firm with convictions of social stewardship, ensure that your DEI actions and support are in line with your targeted impact.</p>	<ul style="list-style-type: none"> <li>• How are you taking into account and advancing diversity in your own VC firm? Is it evident in your policies, practices, and personnel?</li> <li>• Are you supporting or monitoring DEI in your portfolio companies through what you're asking, whom you're referring for roles, and how you're preparing your team members and portfolio companies to succeed?</li> </ul>
<p>If your orientation towards stewardship as a VC investor or firm is exclusively financial, understand that your decisions and support do have broader impacts - including unintended financial ones.</p>	<ul style="list-style-type: none"> <li>• Are the teams you invest in diversified in the lived experiences and networks they can leverage to reach, retain, and grow their markets?</li> <li>• Does your current investment team and networks attract diverse companies - outliers different enough to outperform the average team? Do you have the awareness and ability on your team to effectively evaluate and support these outliers?</li> </ul>

## PEER LEARNING

### How does DEI relate to your responsibility as a VC?



“The biggest thing that we do as VCs is that we get to be part of choosing our future. We get to choose our future leaders. And it's a huge responsibility to think that you can actually be part of funding someone who might end up building a billion dollar business and employing 1000 or a 100,000 people and building a culture within those organizations. So for me, the most important thing we do is pick those people well, and help them at an early stage to make sure that they have the help they need to start building great organizations and great cultures.

It's really about the world that you want to see. You want to pick people who will build a future where our children will have the same opportunities, no matter who they are and what ethnic backgrounds or gender or disabilities or socioeconomic backgrounds or wherever they come from. So you're trying to just do the most you can.

We're a small fund, but I try to really make sure that we're keeping track of this because I think that who we pick and who we fund are the most important things we make if we succeed.”

## **SECTION 2**

# **Perceived Reasons Behind the Reality**

# WHY IS THERE LIMITED DIVERSITY AMONG FOUNDERS RECEIVING VC FUNDING?

Two questions were posed to the participants in this study regarding VC diversity in the Nordic region: 1. Why is there limited demographic diversity amongst founders receiving funding? and 2. Why is there limited demographic diversity amongst VC firms and investors themselves? The themes that emerged from their responses provide insight into the nature of viable solutions to address the present challenges.

Participants identified five areas where they perceived the limited diversity amongst founders receiving funding as stemming from: limitations with founders themselves, societal norms and expectations, limitations on diversity data and insights, weak personal ties between VCs and underrepresented founders, and limitations stemming from VCs themselves. Each area has implications towards VC firms' and investors' roles and responsibilities in advancing diversity. We explore the perceptions and implications for each area in this section.

## 1. FOUNDER CONSTRAINTS

A recurring theme that many participants raised when explaining the lack of diversity amongst the founders who received funding focused on the perceived realities of founders and of founding teams. Many participants saw the limited diversity outcomes in the Nordic VC ecosystem as primarily conditioned by founder-related limitations. These ranged from the networks of talent from which the founders built their teams to the belief that certain groups of people build businesses that are simply less investable.

### 1.1 TALENT NETWORKS

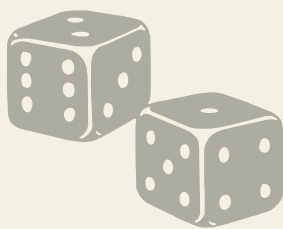
"So the thing is - what are the founding teams on Day One?"



Participants noted that founders typically build their teams from pre-existing social and professional networks, and that these networks are in many ways demographically skewed. From this perspective, VCs fund less diverse teams simply because founding teams are less diverse in this region. Unequal funding is seen, then, as an inevitable outcome of a pre-existing demographic skew in the pipeline.

## 1.2 SUITABILITY

Another view with a pall of inevitability is the perception that there is an inherent aptitude or inclination for certain demographics to be more successful entrepreneurs than others. For example, one participant believed that while women were excellent at leading solid companies – he found their companies to be consistent, their teams resilient, and their businesses to yield reasonable returns – he considered teams led by women to be poor choices for VCs looking for uniquely high-growth businesses, or unicorns. This, he posited, decreases the likelihood of them securing VC funding.



"There are few females because it's a gamble. It's a little bit of Russian roulette. There are these games that people play where certain people fit in."

Parents – particularly mothers or potential mothers – were singled out as being less investable, with the belief that they would be less likely to be fully engaged in their company over an extended period of time. Similar statements were made regarding older founders or those with disabilities: they may, as two participants expressed, simply be physically unable to lead their companies in the long run. Affecting women for the majority of their professional lives, as well as disabled or senior founders of any gender, views such as these position certain demographics as being less suitable for receiving VC investment.



"I would say if there would be a female [founder] who wants to build a unicorn who doesn't have children yet, that as a VC, that's a wrong bet in a sense, because she won't be going all-in at one stage when the company needs.

If you look at the unicorn company [led by] females, they typically don't have children. It's because that's what enables them to go all-in.

## 1.3 DISINCLINATION

This lack of faith in certain groups' ability to helm companies attractive for VC funding is related to another investor perception – that these groups are not inclined to pursue this type of funding at all. One participant characterized the issue of underrepresented groups not receiving VC investment as resulting from them simply not seeking it: “We’re open for women, for everyone – but they just don’t apply. They’re just not there.”

VC perception #1	Underrepresented founders receive less funding because they’re less likely to be connected with promising co-founders, less able to build companies attractive for VC funding themselves, and/or less likely to apply for this type of funding.
The implication	This is considered inevitable. It is believed that for change to happen, underrepresented founders would need to adjust themselves, their priorities, or their networks - things ostensibly beyond a VC’s control.

## 2. SOCIETAL NORMS

Participants' perceptions about the constraints that founders face are largely influenced by stereotypes. These are, in turn, influenced by a second category of reasons recognized as limiting diversity in this industry: societal norms.

### 2.1 MEDIA REPRESENTATION

According to the participants, media representation has at least two very real ways that it impacts venture capital investment: first, it shapes the image of a successful founder for VCs to invest in, and, second, it influences the range of what potential founders can see as possibilities for themselves.

“How do we get even one leader of color in the media here. We don't even have that right now.”



## 2.2 PARADIGMS

Representation and discourse serve as the basis for building paradigms around success and shaping narratives where certain groups of people are seen as the leaders. The current narrative of success in entrepreneurship is dominated by, as one participant described, “a white, male, Silicon Valley type” – and founders not fitting that description may not be as readily supported in their endeavors.

"We are used to certain founders – and there is this image of a successful founder that is still very strong. And it is, I think, in the venture world, you could say that the Mark Zuckerbergs, Steve Jobs and all these Elon Musk types of personas that are not necessarily very good -- they might not be very nice people even – but it's this stereotype we recognize."



## 2.3 NORMS

Skewed narratives and paradigms can foster prejudices and biases, but such stereotypical understandings of certain demographics' abilities and qualities are also present in Nordic societies more broadly, as some participants noted.



"It's a system that's broken in a way. We we were brought up in this system that is racist, and how do you even start solving that problem?"

Our perceptions of what is normal and normative may often go unchallenged, and it may be difficult to see where they are problematic. The lack of founder diversity in the Nordics can quite easily be accepted as part of the status quo. Accepting the situation allows for its perpetuation, as one participant noted, and builds an inertia in the ecosystem, making it difficult to change.

## 2.4 LPs

In addition, limited partners have a role to play in shaping the external environment of norms that VCs operate in. Their interest, or lack thereof, in supporting diversity among founders can have a significant impact in whether the issue is on a VCs' radar. As several interviewees pointed out, most LPs do not inquire about the demographic diversity within the companies VCs invest in. As such, there is limited motivation or urgency to improve it.





“Venture funds, they're responsible to their LPs - their asset allocators - so unless the asset allocators actually asked [about diversity], VCs don't necessarily have the incentives to do so.”

VC perception #2	A lack of founder diversity is a by-product of the systems and society in which founders and VCs exist.
The implication	This is considered normal. It is believed that to increase founder diversity, society itself would have to improve - and the media and other external agents (like LPs) would be responsible for leading that change.

## 3 INSIGHT CHALLENGES

While the former two themes highlight the role of individuals and institutions in the limited diversity seen in founders who receive venture capital funding, the next category of reasons focuses on the gaps in insight and knowledge that perpetuate it.

### 3.1 GUIDELINES

For VCs who situate DEI within the social aspects of ESG, a common observation was that there are no clear metrics and guidelines that exist in this area that would be comparable to those for environmental sustainability. Some VCs, then, are not completely clear on which aspects of founder diversity should be measured - they lack benchmarks, expectations, and guidance on how to improve.

“I think there's just not enough talk about it for people to have clear practices to say how do we fix this. I think sometimes you just need to give people kind of practical ways of doing things.”



### 3.2 DATA

Furthermore, VC firms and investors lack data. Participants expressed uncertainty on the legality of requesting sensitive information on founders, and most VCs in this study lacked data partners or tools to collect, access, and report this information in a GDPR-compliant manner. Not having reliable data on founder diversity has led some VCs to wonder whether it is possible to effect real change in this area at all: “We can do this and that, but it’s hard to know if the needle is really moving.”



"I found that you weren't allowed to legally ask some questions. For example, you are not allowed to ask ethnic background - we can't ask and we can't assume people's ethnicity, et cetera, so therefore, we can't record it. So there were these legal barriers from evaluating what we wanted to do."

### 3.3 DISCOMFORT

Finally, some VCs in the Nordic region experience a degree of discomfort in discussing diversity or asking about it, and that has kept some willfully in the dark in this area. If VCs feel the topic is irrelevant or uncomfortable, they may avoid learning about or following the development of diversity in the companies they invest in. Not knowing, then, may keep them from taking action to improve the situation.

"Those are the kind of private areas that I think should not affect your work, and I would not be comfortable with even asking that. "



VC perception #3	There are insight gaps around founder diversity that are currently difficult for VCs to bridge.
The implication	This is considered a hurdle, but not an insurmountable one - if guidelines, tools, or practices shift to enable easier data collection and responses.

## 4. CONNECTIONS WITH VCS

Among the more immediately actionable areas that participants identified were the connections between VCs and underrepresented founders.

### 4.1 RELATIONSHIPS

"We've made 20 investments this year, and we take inbound introductions... but we have not done a single investment through cold inbound contacts. All investments happen through networks, and today, the active network is very non-diversified."



As one participant pointed out, investments are built on trust, and while much of that trust is based on a company's financial and development track records, some of it is personal. Whether a team can execute or a founder can lead a company to its next milestones are considerations that are frequently alleviated by being personally familiar with the people in question. Knowing and developing personal relationships with VC firms and investors is a very real advantage that most participants pointed out as not being an option for many underrepresented founders.

### 4.2 MENTORSHIP

Personal connections with VC investors additionally afford founders with relevant insight, advice, and additional network connections which may make a difference in both their growth and ability to secure funding.

Thus, from building trust to leveraging extended mentorship and support, founders benefit from access to networks and personal relationships with VCs. Unfortunately, only two participants in this study noted that they personally maintain diverse networks or strong relationships with founders from underrepresented groups.

“I’ve felt that for many female founders in their first year of running a company or starting something or coming up with ideas - they are exactly on the same level as their male peers: they come from the same background; they go to the same schools. They are all the same, and they have all the same baseline reasons to become great founders.

But then something happens. And I think that something is that, especially here in our context in the Nordics, most of the investors are men, and it's easier for them to teach or educate these young founders with whom they can be like, "Hey, I see myself in you. Come here - I'll tell you the things that no one has told you."

And these founders actually become pretty great because they get all the mentorship - they get all of this -- and I saw so many amazing founders who, from my perspective, were mostly female, but also underrepresented in other ways, who were like, “no one has ever told us these things. We've never had a mentor or someone who's actually an established investor or who has the credibility, who would take us and say, okay, we'll support you.”

VC perception #4	Underrepresented founders lack relevant networks and personal connections with VCs – and thus also the trust, access, and mentorship to secure funding.
The implication	This is considered addressable. It is believed that connections can be made and supportive relationships developed over time.

## 5. VC LIMITATIONS

New connections can be built, but VC firms and investors perceive barriers that keep them from doing so. Among them are their time constraints, limited knowledge of the topic, and their own lack of demographic diversity.

## 5.1 PRIORITIES

As all participants noted, time is a precious resource, and change takes a considerable amount of it. For most, other priorities take precedence over developing diversity, particularly when the value of doing so is unclear to many investors in the region. As one said, "I know things have worked kind of well until now, so why focus on change?"

"People are just busy. It's all these stupid reasons why people are busy with their own problems, and they don't have time to think of these."



## 5.2 TRAINING

Even if VCs were to have the time to take action, it is not clear whether they would have the knowledge of which actions to take. Even VC investors with a strong will to advance diversity noted that they, at times, lacked the knowledge or awareness in some areas to do so effectively.



"Having these people who are in our team – people in their 40s and 50s, who have been working with the financial world for like 20 years or 30 years or so – it might be hard for them to understand [DEI], and it's human. It's natural that if someone tells you that, hey, you've been doing this for 30 years and actually you've been doing this wrong – it's humanly hard."

Ignorance of these topics at the individual level is a potentially significant problem in a field where much of the decision-making process – from screening to interviews to evaluations – is influenced by individual venture capitalists rather than by the firm collectively. Every team member, then, would need to be aware of and able to challenge their own diversity-related biases and know how to apply best practices. As pointed out by one participant, however, those who need training most seldom seek or receive it.

## 5.3 HOMOGENEITY

This ignorance may be related in part to VC firms not commonly being demographically diverse themselves – a fact which may discourage underrepresented founders from applying. Limited VC diversity, then, is its own issue, and the perceived causes for this are explored in the following section.

VC perception #5	The lack of diversity in founders receiving funding is exacerbated by VCs themselves - from their lack of time and awareness for meaningful action to their general lack of diversity themselves.
The implication	This is controllable. VCs can be educated, and VC diversity can be improved – if both are approached and developed in an efficient manner.

## WHY IS THERE LIMITED DIVERSITY AMONG VCS THEMSELVES?

Beyond the companies they fund, it is important for VCs to consider the diversity within their own firms, as well. In this section, we explore what VCs perceive as the causes for the limited diversity in their organizations to understand both what can be done about it and what VCs themselves are willing to do.



"When I joined, they were looking for a female partner but couldn't find one in their networks. So that's why I got the job."

### A. NETWORKS

As with founders, VC networks were identified as a major contributing factor for the field's limited diversity. As one participant pointed out, VC investors disproportionately come from industries such as finance and technology, where women's representation is low and inclusive cultures are rare. With such conservative professional communities to grow their teams from, many VC firms may not naturally diversify demographically – and may not be as disruptive as the founders they fund.

"As VCs, we're still emails and Excel ourselves despite focusing on funding new technologies."



## B. CYCLES

Change appears to come at glacial pace in this system – though not necessarily for network reasons alone. New investors are most commonly added to VC firms with the opening of new funds, which have multi-year cycles, and new fund managers are typically committed for long tenures. The long-term commitment for most funds may, as some participants suggested, be incompatible with some demographics. More significantly, long funding cycles present far fewer opportunities to diversify than what the companies they fund are likely to have.



"When you start a fund, it's 10 years. So you cannot change as agilely as in all the other businesses."

## C. REQUIREMENTS

Aside from the time commitment, the financial commitment for partners and fund managers may be prohibitively high for many underrepresented investors. VCs have financial and experiential prerequisites which must be met, particularly for opening new funds. The considerable cost of entry, which often entails the need to invest hundreds of thousands of one's own money, may be a bar too high to clear for those less likely to have been compensated equitably in their professional history or to have benefited from generational wealth.

"To be a partner, two things are required. One is that you need to have investment experience. And then you need to be capable of putting half a million of your own money into the fund. This means, in Finland, the alternatives are mainly business angels, and if we only have a couple - around 50 female business angels in Finland, out of which maybe less than half have half a million to put into a fund, and most of them don't want to be working for anybody anymore. So you run out of options."





## D. INCLUSION

Further adding and growing new investment team members up to partners has its own challenges as well. As one VC investor notes, it is often problematic to add underrepresented founders immediately as partners, or after the core investment team has already developed a history. The addition can lead to tokenization, marginalization, and often a rapid exit from the firm.

"These are tiny offices. They're like two to ten people tops, and you can't just put a woman in a room to be a partner with a team that's been 100% male from fund one - it just doesn't work that way. There's going to be a culture clash. [The women] may be there, but if they're not included in decision making. It's never going to work out."

## E. CULTURE

As with the companies in which VCs invest, the culture and diversity orientation of investment firms are often set early on in their history. Newer firms and newer funds are more likely to be conscious of diversity and inclusion from the outset, while older ones are more likely to demonstrate cultures which may attract or include different demographics.

"For years, we've talked about the venture world being very masculine and very heterosexual and being very White and all these things. The financial world is still somewhat traditional and very non-diverse. So I think that if people have not had the experience of not being included, it's harder for them to to understand why this matters."


Overall, then, VC participants in this study saw the poor state of diversity amongst VCs active in the Nordics as a multifaceted problem with historical, systemic, and cultural factors, shaping the expectations, networks and the broader environment in which VCs operate.

"It's a very long game: it takes a while to change the practices, and then be aware of things and then, actually... you know, start."



# IMPLICATIONS AND OPPORTUNITIES

What are the perceived causes for the limited diversity in the Nordic VC scene?

Causes affecting the portfolio:	Founder Limitations	Societal Norms	Insight Barriers	VC Connections	VC Limitations
Implication:	<div>Less VC Agency  More VC Agency</div>				
Causes affecting the firm:	Cycles	Requirements	Networks	Culture	Inclusion

Faced with complex realities regarding the state of diversity and inclusion in the industry, and the fact that multiple causes for the status quo were often perceived as being beyond the control of a single investor or investment firm, many participants in this study overlooked their own agency and expressed uncertainty on whether efforts to increase diversity could, in fact, be effective.

This is problematic, as investors who believed that the current state of diversity and inclusion could not be changed were not actively or systematically seeking to change it. Thus, one key step in DEI development within the Nordic VC industry must be to provide a means of identifying, articulating, and focusing on the agency, actions, and impact that a single VC investor or firm can have - effectively moving VCs from resignation to resolution.

To do so, it may be beneficial to acknowledge the four primary areas where participants have recognized challenges, and to present those areas as accessible opportunities for impactful development. To such an end, we propose a simple FIRE framework, clarifying the four dimensions - the firm, individuals, relationships, and the broader ecosystem - through which venture capitalists in the Nordics can shape an impact. In each of these areas, participants have expressed both the need and ability to effect change. In the following chapter, we will outline some specific steps and actions that can be taken to do so.

## FIRE: Areas of Impact for VC DEI development

Through:	<b>F</b> <b>Firms</b>	<b>I</b> <b>Individuals</b>	<b>R</b> <b>Relationships</b>	<b>E</b> <b>Ecosystems</b>
Internal Impact (The VC Firm)	VC recruitment, retention, and development	Topical learning	Diverse networks	LP relations
External Impact (Portfolio Companies, the Nordic VC community)	DEI policies, practices, & reporting	Bias awareness	Founder relationships	Media relations

In each of these areas, participants have expressed both the need and ability to effect change. In the following chapter, we will outline some specific steps and actions needed to do so.



# SUMMARY

Participants in this study perceived the lack of diversity in the Nordic VC ecosystem as a complex issue with both systemic and individual causes.

They perceived the lack of demographic diversity among the founders who receive funding as stemming from underlying realities in the industry and qualities of the founders themselves, including the lack of diverse networks, professional disinclination of underrepresented groups to seek funding, and their assumed limited ability to succeed in leading high-growth businesses. Other themes that emerged explain the current state of diversity in VCs through a lens of societal norms and stereotypes; limitations in relevant insights; limited shared networks or relationships between VCs and underrepresented founders; and limitations in VCs' time, current understanding of these topics, and their willingness to take action in this area.

The lack of demographic diversity among VC firms in this region was attributed to long funding cycles and fewer opportunities for demographic change, prohibitive requirements for partners and fund managers, including considerable time and financial investments and strict requirements on prior experience, non-diverse professional networks, conservative business cultures and challenges with recruiting and advancing team members with underrepresented backgrounds.

The perceptions of what the causes are behind the current state of diversity in VC firms in the Nordics are related to the VCs' understandings of their own agency, ability, and obligation to increase diversity in the industry. These different understandings, in turn, affect their motivation and approach to leading change.

To promote agency and clarify the areas through which VCs can advance diversity and inclusion, the FIRE model can be used to highlight aspects of the firm, individual, relationships, and ecosystem where VCs' efforts are most needed and impactful.



# VC APPLICATION POINT

## Where can I disrupt the demographic status quo?

### Sparks (early DEI considerations)

**Firm:** Which demographics are we missing in our portfolio companies and in our own firm?

**Individual:** Which aspects of diversity am I less knowledgeable about?

**Relational:** How diverse are the networks we source our talent and leads from?

**Ecosystem:** Which diversity metrics could we most easily track and report to our LPs and / or share externally?

### Flames (advanced DEI considerations)

**Firm:** Are our DEI policies and practices clearly defined, integrated, and actionable within our VC firm?

**Individual:** At which stages could any potential diversity-related biases that I hold affect our recruitment and deal flow?

**Relational:** What opportunities for mentorship and connection building with diverse communities could our VC take advantage of?

**Ecosystem:** Whose promise, progress, and success stories (and not just demographics) are we highlighting in the media and in our networks?

## PEER LEARNING

### What's your approach to advancing diversity in the Nordic VC ecosystem?



We strongly believe in diversity as a strategic tool to build great sustainable companies that deliver great returns. We are also aware that the Nordic startup ecosystem is not diverse today. We believe in order to change this and still make outsized returns, the solution is not to invest solely in underrepresented entrepreneurs, but rather to condition our investments that the company needs to change during our holding period.

As an early-stage investor, we have the luxury of being able to shape the company culture since it is usually not fully set yet. We have implemented tools in order to catalyze the change - not only hard metrics, but also ways of working to truly enable the companies to build an inclusive culture embracing diversity and realizing the strategic advantages it brings.

Among others, we implement the following post our investment (which is already included in our term sheet negotiation):

- As part of the 100 day plan, which we develop based on the findings from the due diligence, we encourage all our portfolio companies to conduct our "Triple A"-workshop (Awareness, Ambitions, Actions) focusing on diversity and culture to align us with the founders. The workshop is held by one of our own advisors with many years of experience building successful diverse teams.
- Develop a specific set of KPIs linked to diversity and inclusion to start measuring progress. We don't believe there is a "one size fits all" set of metrics, thus we develop a unique set of KPIs based on the companies' situation. We do, however, typically focus on increasing diversity throughout the whole company (i.e., owners, board of directors, management team, and the full team).
- We require that all our companies in their recruitments have a gender-balanced short list of candidates from recruiters (in the Nordics there are limitations on what type of diversity metrics we can track on individual level, hence we said at least a gender balanced short list)"

## **SECTION 3**

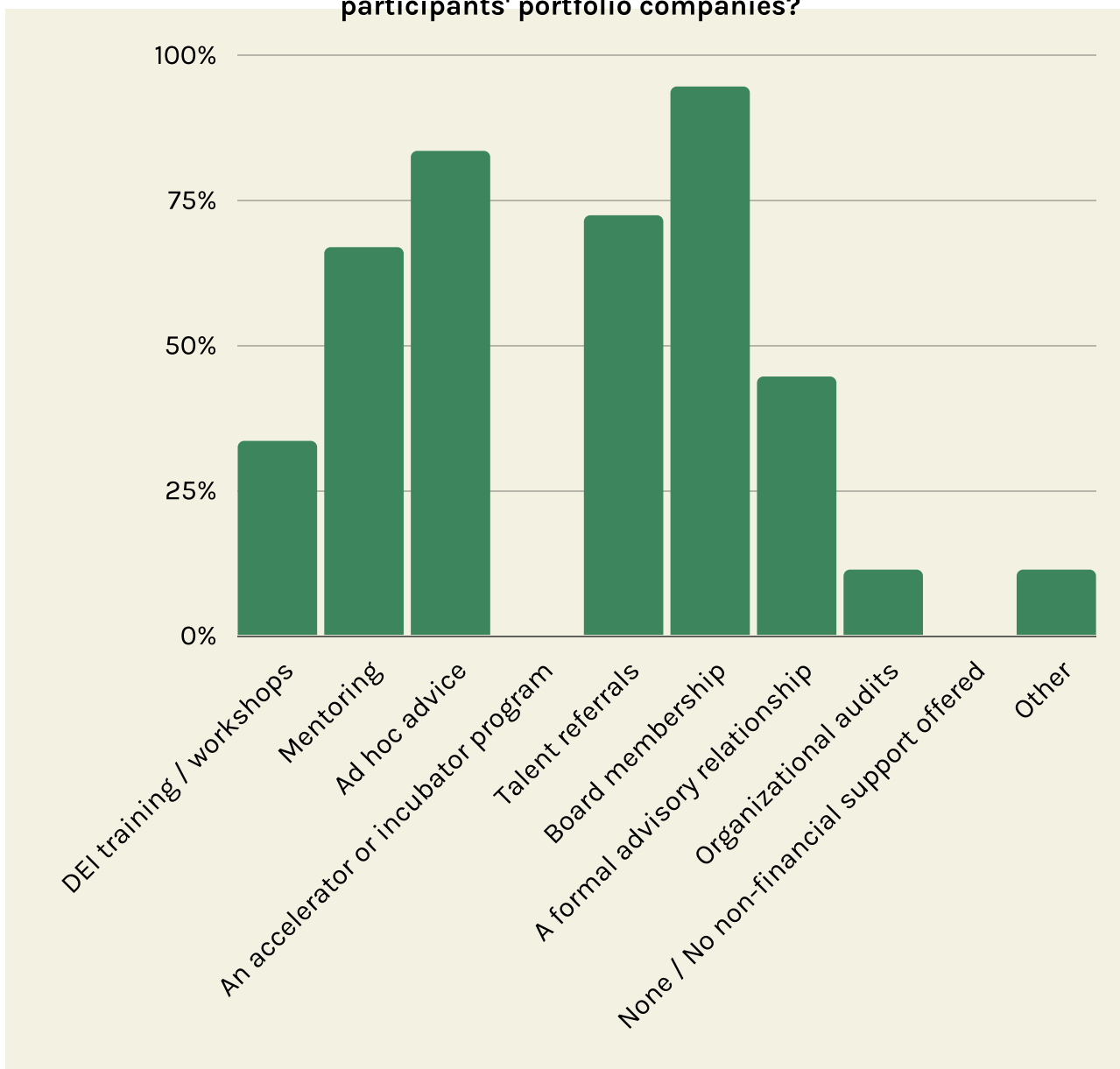
# **Actions to Advance DEI**



## THE HOW

Participants were asked to share the most impactful actions they have taken to advance diversity, equitability and inclusion. In this chapter, we'll explore those actions and their outcomes, grouping them by type and their areas of impact.

Through which mean(s) has DEI support been offered to the participants' portfolio companies?



94.4%

board membership

0%

accelerator / incubator program

To note, all VC participants in this study have taken some action to assess or support DEI development in their VC firms or portfolio companies. The key differentiator between outcomes, however, were whether the actions were ad hoc or systematic.

## Ad hoc vs systematic approaches

Ad hoc DEI development actions provided stop-gap interventions and/or instant positive feedback, with often direct and observable short-term effects. Systematic actions, however, generally served to improve the contextual, conceptual, and/or perceptual DEI realities within the VC firms, portfolio companies, and broader ecosystem. These were often complementary, and both types of actions proved impactful for VCs active in the Nordics.

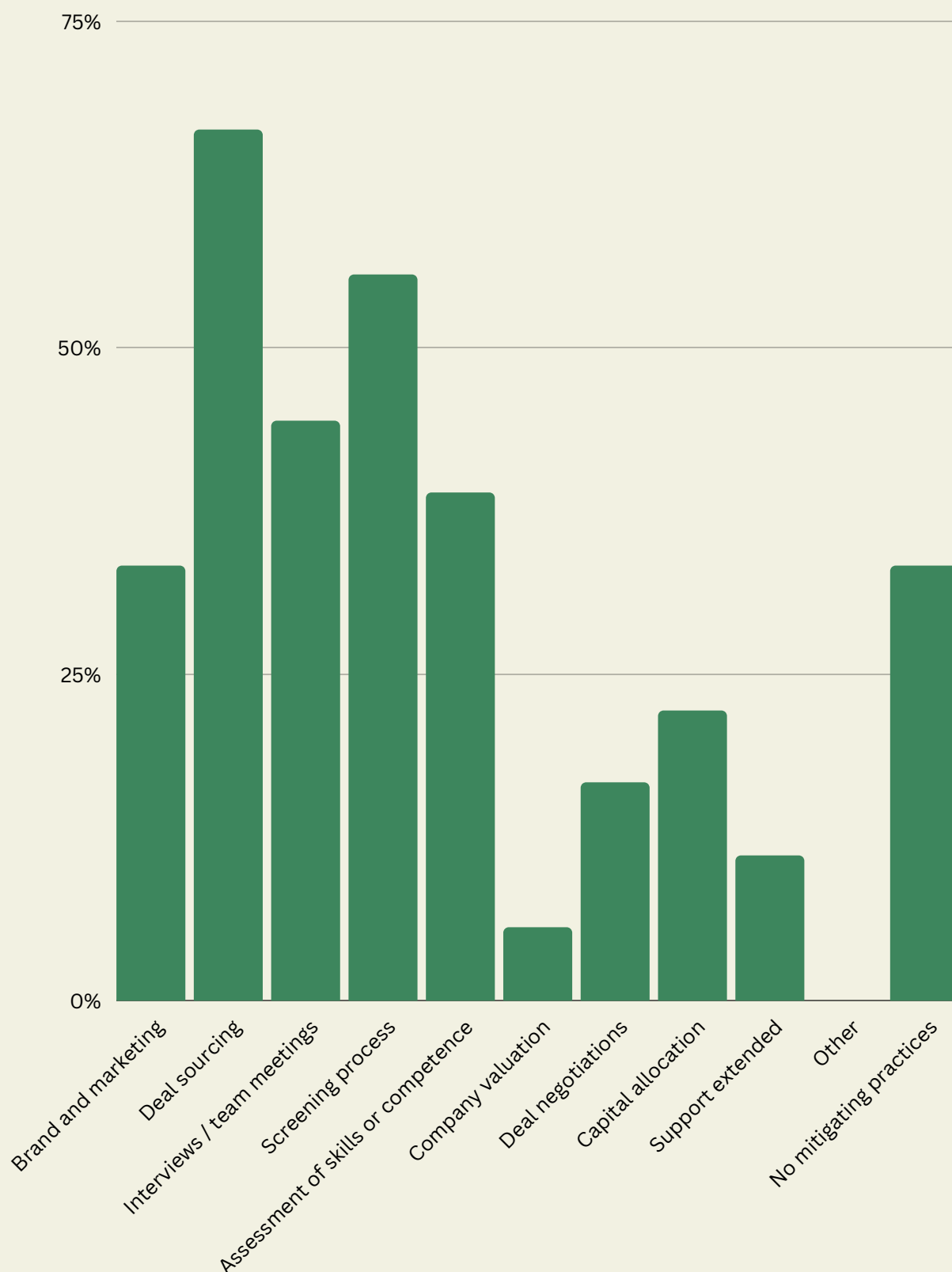
This contrast between ad-hoc and systematic approaches can be seen across the types of actions taken by VC investors and firms in the areas of Education, Assessments, Reporting, and in Network building. The opportunities and applications for each DEI action type in these areas are explored below via the **EARN model**.

### EARN: Categories of Actions for VCs to Develop DEI

	<b>E</b> Education	<b>A</b> Assessments	<b>R</b> Reporting	<b>N</b> Networks
<b>Ad hoc</b>	Discussions, advice, and recommendations as requested	Episodic inquiries about team diversity.	Statements provided, as requested by the media.	Distributing opportunities and requests for underrepresented talent to existing personal networks
<b>Systematic</b>	Mentoring, on-going training, and pre-assembled resources and toolkits as standard	Integrated DEI-related questions for funding applications and throughout deal-flows. Regular diversity reporting, along with other growth KPIs	Policies, progress, and outcomes shared externally, published on schedule	Building and connecting with diverse talent networks; sharing network access to underrepresented founders

# Education

Areas where VCs have guidelines or practices to mitigate diversity-related biases



# 66.7%

deal sourcing

# 5.6%

company valuation

While most study participants indicated that they have some practices in place to mitigate diversity-related biases in their deal sourcing and screening processes, over a third said they have no DEI-informed practices to mitigate biases at all. In general, respondents were far more likely to consider diversity without also considering inclusion, and to primarily do so prior to discussions on the company's valuation and before the allocation of capital or support (i.e., at points when measures of equitability would become increasingly relevant). In clarifying why they didn't consider DEI in areas where survey scores were lower, participants expressed uncertainty as to what to monitor in those areas or the degree to which DEI would be relevant then. This suggests that the subject area and its implications may still be rather unfamiliar to some, and it remains unclear to many the degree to which DEI is relevant.

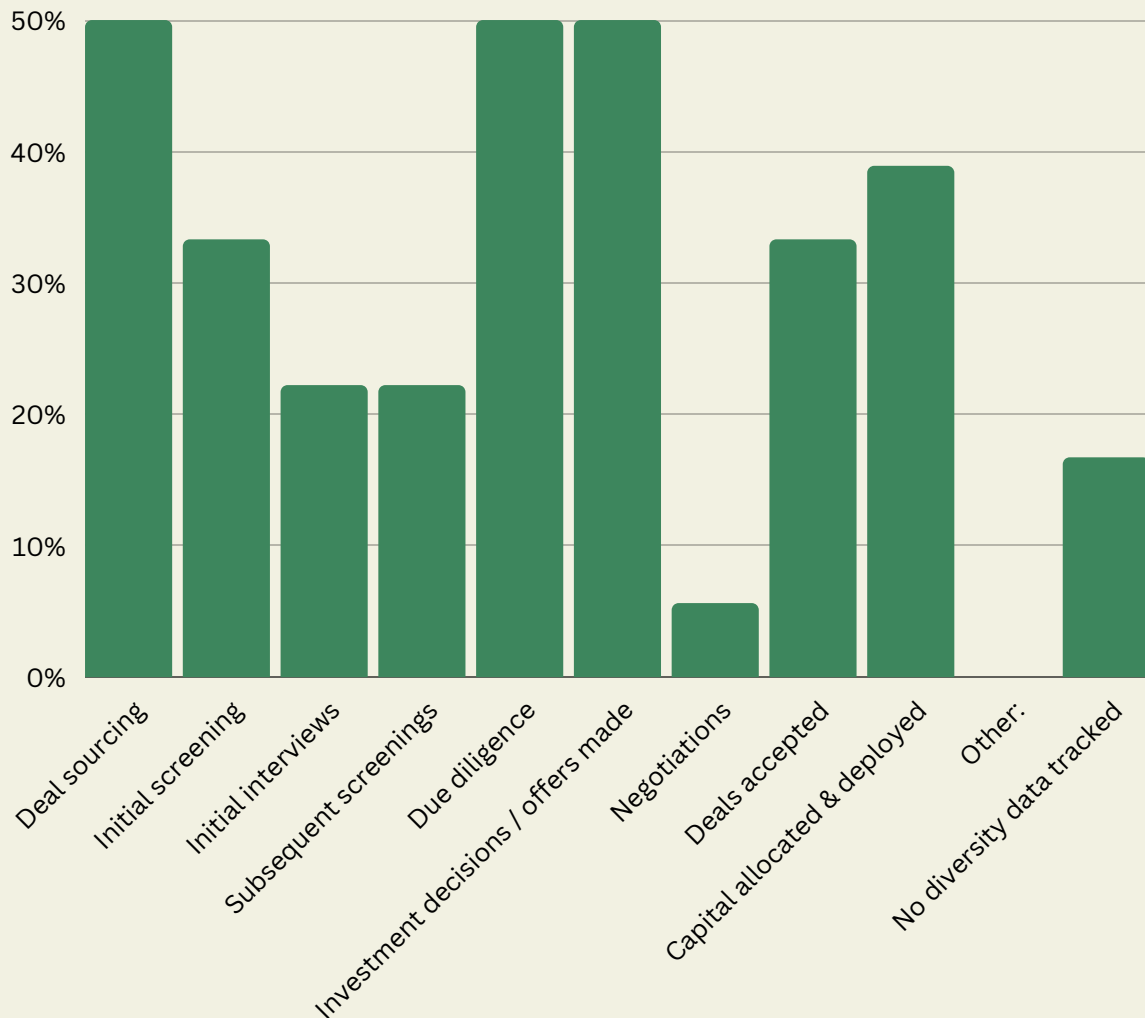
"Sharing about DEI would make an impact because most people will still want to learn, and they want to do their jobs well, and people are highly incentivized to do their jobs well."



Beyond biases, participants expressed a tendency to educate themselves, their colleagues, and founders in their portfolio on DEI topics on an ad hoc basis. Most provided advice upon request, and a quarter of respondents offered training on DEI related topics. The companies considering equitability, however, were exclusively firms that offered DEI training on a strategic or recurring basis.

# Assessments

Areas where VCs have guidelines or practices to mitigate diversity-related biases



50.0%

have guidelines for deal sourcing, due diligence, and investment decisions

5.6%

have guidelines for negotiations

The outcomes and results of education and other efforts can only be known if they are assessed. There is, however, noticeable variance in the operational areas that are assessed from the perspective of DEI in the Nordics.

# 78%

of VCs assessing diversity in at least 3 points in their deal flow reported significant increases to diversity in their portfolio teams.

"One thing that we added in our screening processes is just a question of if there is a female founder in the team, and the purpose is basically just to make sure that we think about it."

For instance, diversity outcomes were assessed by half of the study participants in the deal sourcing and due diligence phases, as well as when offers are made. By contrast, one in three participants evaluated the diversity in their funnel at initial screenings, at offer acceptance, and at the point of capital being allocated. Points where diversity-related biases commonly emerge – at the interview, negotiation, and team-focused screening phases – were amongst the areas where participants paid the least amount of attention. As such, most participants had multiple points in their deal flow with significant gaps in diversity-related insights, and these gaps mattered: Over twice as many VCs who assessed diversity in at least three different points in their deal flow reported improved diversity outcomes than did VCs who assessed diversity at fewer points.

# 34%

of VCs who assessed diversity in fewer than 3 points in their deal flow saw increased diversity in their portfolio last year.

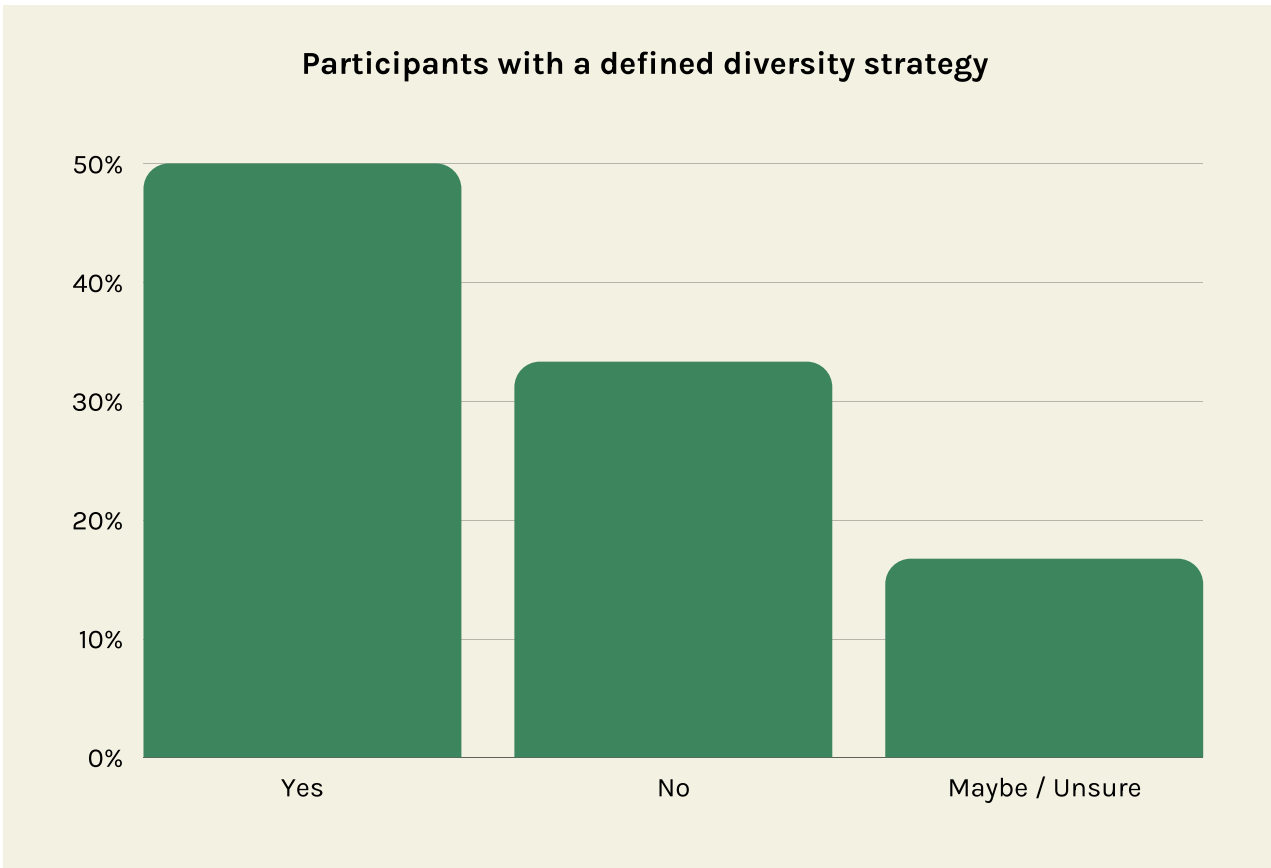
Beyond even the act of assessment, the expectation that diversity is assessed as a standard practice can in itself be an impactful tool to increase diversity outcomes. It seems that the maxim holds true in DEI development: what gets measured gets done.

# 56%

of respondents assessed diversity within their portfolio companies annually

# REPORTING

VC reporting on DEI related topics entails not only sharing DEI-related assessments or results externally, but, more broadly, making VCs' stances and policies related to diversity, equitability, and inclusion public, as well.



Half of the participants in this study had a diversity strategy at their VC firm that was at least partially defined. Of them, only a third have communicated those strategies on DEI development externally.

Two participants acknowledged that their external communications on DEI were ad hoc in nature, both issued in direct response to inquiries by journalists. These investors noted that they viewed DEI statements and reporting as something akin to “greenwashing” – PR statements with little substance.

"It's everyone yelling on the diversity - especially female diversity - and everyone has learned how to answer that question. Does that mean anything for them? Not really. Do they understand what that means? No, not really. They know the answers they have to give. But then the question is, really, is that real life?"

Investors who saw business impact from their DEI reporting, however, were those who consistently shared their company's outcomes and positions on DEI, from diversity data to related policies. These firms also demonstrated diverse representation of their firm in their brand and marketing. These actions were noted to attract more underrepresented founders and diverse companies to their portfolio, as well as more diverse talent to their VC firm itself.

"We always ask the interviewees why they're applying for the fund, and the thing that comes up all the time is that we actually talk about diversity - that the team looks like it cares about the topic and that the brand speaks to them. They feel like they can be included."

## NETWORKS

Networks are among the most valuable assets for VC investors, and how investors grow and utilize them affect both their firms and the companies they fund.

For instance, if a portfolio company were looking for new talent, their VC investor may toss the opportunity out to their network. Depending on the diversity of that network, applicants from more underrepresented backgrounds may apply. However, with this ad hoc investor assistance, founders from the portfolio company will not have expanded or diversified their own networks, and are merely relying on someone else's. Thus, the situation is likely to be repeated: as one participant noted, this type of intervention was provided multiple times to the same portfolio companies.

"We need role models, to know more diverse VCs. We need Inka Mero - she was awarded VC of the Year this year, actually - but we need more than Inka Mero getting board seats and opportunities."





Similarly, a VC firm may spotlight a particular talent from an underrepresented background in its communications or media. This serves to create a model or a positive example of that particular person - without diversifying the VC firms' networks or media representation beyond that single individual. As such, additional opportunities and representation may flow to that one individual in the spotlight, with little effect or increased opportunities flowing to underrepresented experts or talent more broadly.



"I mean, for change, I always fall back on these sort of surgical things... but because there's so little to work with, that's kind of where we have to start, you know?"

Leveraging networks in a sporadic fashion or gatekeeping network access is a missed opportunity at creating more diverse networks in the VC industry in the long term. Intentionally expanding and combining networks to make them more diverse provided residual value for VC firms and portfolio companies alike. Such long-term outcomes were noted by participants who hosted events and talent mixers with intentionally diverse participation, accelerator programs with built-in investor introductions, and/or joined professional networks catering to underrepresented demographics themselves.

# IMPLICATIONS & OPPORTUNITIES

## How can things be improved?

Improvement is relative: it requires acknowledging individual starting points, goals, and resources, and using them to define actions that aim for targeted impacts. For VC firms and investors this means progress is not likely to be achieved via a universal checklist of things to do, or through random interventions provided upon request. Progress requires intentionality, awareness, and action – and it is achievable for all.

Every venture capitalist can advance DEI, and each one requires examining their own perceptions and practices to do so. For instance, participants who were women relied on ad hoc talent requests sent out to their networks to increase gender diversity in their portfolio companies as often as men did. Through only providing this ad hoc level of assistance, both men and women commonly neglected to systematically increase diversity in their personal networks or to open access to their networks with their portfolio companies to increase diversity in the long term. Diversity among investors, then, is not a silver bullet in itself: being intentional about efforts to advance DEI matters.

VC investors of all types are thus obliged to consider both what they can do (EARN) and where those actions are most needed (FIRE), as demonstrated by the framework below:



## EARN FIRE: Simple Actions for VC DEI Development in the Nordics

	Educate	Assess	Report	Network
Firm	Clarify DEI definitions and relevance for and with your firm. Explain related policies, goals, practices, and expectations with all team members.	Assess diversity in your deal leads and throughout your deal flow. Evaluate diversity and equitability of opportunity, assets under management, support, growth, and compensation in your firm. Seek external certifications or audits of your DEI (e.g. Diversity VC)	Publish your DEI strategy, development roadmap, KPIs, and progress. Include DEI outcomes along with your ESG and financial reporting.	Find more diverse professional events to attend. Host networking events with balanced representation and diverse attendees.
Individual	Get basic training on key DEI topics. Stay updated on VC DEI data. Learn about relevant demographics and experiences you don't live. Discover practices, tools, and partners to support your DEI development.	Identify where biases might affect your preferences and decision-making - and where reminders or guidance would be most impactful to add. Note how much time or availability you allocate to underrepresented founders.	Document personal learnings in your DEI development - including mistakes and best practices - to share with colleagues and peers.	Join professional and entrepreneur communities for underrepresented demographics. Leverage your social media networks for leads with underrepresented founders and VCs.
Relationships	Bring up DEI topics, learnings, and tips within your firm and with portfolio companies. Provide resource kits with relevant tools, diverse networks and tips. Offer DEI training or workshops.	Assess the diversity of your professional network: which groups are underrepresented or absent? Check your inclusivity: do your underrepresented teammates feel heard, respected, and empowered?	Share the progress and DEI outcomes of accelerators and mentorship programs. Provide constructive feedback with founders to enable growth.	Introduce underrepresented proteges and mentees to your professional networks. Recommend underrepresented experts as mentors, advisors, and key early employees.
Ecosystem	Bring up DEI with LPs and other investors: discuss its relevance, benefits, challenges, and learnings.	Evaluate external representation: who's most visible in the media from your firm and in the companies in which you've invested? Consider whose successes you discuss most externally.	Highlight success stories in portfolio companies helmed by underrepresented founders. Share diversity data with LPs. Update your brand & marketing imagery to reflect your diversity	Seek LPs, angels, and other VCs with similar DEI commitments and alignments.

# SUMMARY

Effective DEI development typically contains a combination of ad hoc and systematic actions for both immediate and long-term effects. The EARN framework presents considerations for DEI interventions, both ad hoc and systematic in nature, through actions involving Education, Assessments, Reporting, and Network building.

To define their unique ways forward, VC firms and investors can determine their priority areas for development via the FIRE model and derive inspiration for actions in those areas via the EARN model, laid out above.

## VC APPLICATION POINT

### How can I EARN progress in DEI?

**Define** the relevance and goals for diversity, equitability and inclusion in your firm. Identify targeted area(s) of DEI impact (FIRE) to reach your firm's goals.

**Define** ad hoc and systematic actions your firm can take in each EARN category.

**Measure** and report internal progress and learnings externally, sharing with and shaping the ecosystem.



## PEER LEARNING

### How do you define and track progress in your VC firm's DEI development?



We have decided to focus on improving gender diversity because we feel that's where we can make the biggest positive impact. We have a few strategic objectives, and improving the gender diversity of our portfolio is one. We've structured our development in two phases:

Regarding the first phase, we have taken several smaller and bigger concrete initiatives supporting the goal. For instance, we have added diversity KPIs into our LP reporting, conducted a lot of self-assessments, improved the gender ratio of our deal team, spent hundreds of hours in deal sourcing, and had countless discussions and learnings from female founders. In addition, in our comms, we have lifted the female founders on stage to increase the number of role models in the community.

Our results so far are as follows:

- 31% of teams we have invested in have one or more female founders
- 37% of our capital has been allocated to female-founded companies
- In 2021, 40.6% of the companies we invested in had at least one female founder on the founding team.
- In 2022, our goal has been to make 50% of our initial investments in teams with female founders. We'll report the results early next year.

We're currently in our second phase. In this phase, when coaching our portfolio founders, we highlight the importance of building a diverse team. We firmly believe that you get what you measure. Hence, starting Q1 2022, we have asked all our portfolio companies to report their team diversity metrics quarterly.

Every company in our portfolio now reports its diversity numbers at the board, leadership, and individual contributor levels. All of our portfolio founders have a competitive nature, and none of them want to show poor numbers moving forward. We thus believe this initiative encourages non-diverse teams to improve their diversity."

## **SECTION 4**

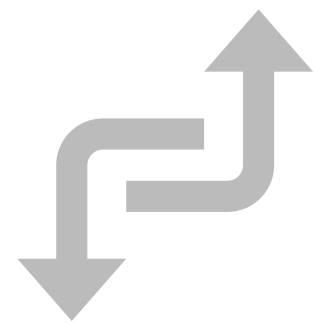
# **FROM INSIGHT TO APPLICATION**

# CONCLUSION

This exploratory qualitative study drew on the insights of 25 VC firms active in the Nordics to understand what they perceived to be the current roadblocks to diversity development in the region, as well as to identify practical ways around those obstacles to advance diversity regardless.



We noted that VCs' perception of agency and responsibility to effect change – as implied by their descriptions of the problems of diversity development in this region – were often problematic in themselves. Amongst a group of participants who all externally support increasing diversity, there were stubborn stereotypes and a fairly common belief that efforts to change the current diversity outcomes may be futile or beyond their control. In every area of their concerns, however, there were examples from peers in the region who were already making efforts to make a change and were seeing progress as a result.



The primary areas where VCs saw both the opportunity and need for diversity development were in the FIRE – that is, their firms; in themselves as individuals; in their relationships with their portfolio companies; and in the ecosystem, with LPs, angels, media, and legislators to all be mindful of. Through a combination of both ad hoc and systematic efforts to educate, assess, report and network (or, EARN) around these topics, participants were able to take small steps to increase diversity in the past year.



Despite limited demographic diversity, venture capitalists in the Nordics proved to not be a monolithic group: they have a wide range of perspectives and approaches to developing diversity, largely determined by their firm's realities and priorities. As a universal across them, however, was the reality that each one could do something that mattered. The summary frameworks provided throughout this study are meant to help Nordic VC investors and funds better understand options for what those actions of impact could be.



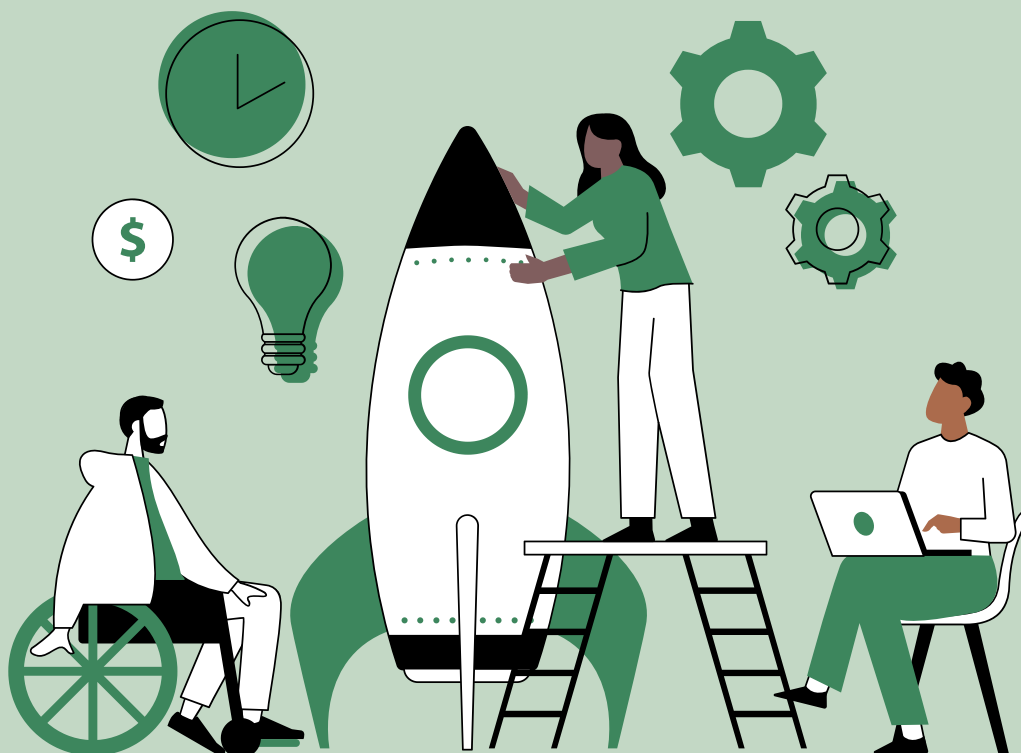


In future studies, the efficacy of the various actions outlined above could be assessed, evaluating their relative impact financially and demographically for the VC firms and their portfolio companies. Additional studies could explore VC actions to advance equitability and inclusion beyond the diversity focus that VC attention is currently scoped to. Longitudinal studies tracking DEI progress in and across VCs firms would also be relevant and insightful next steps to consider, from a researcher's perspective and as a member of this ecosystem. As a reader of this report, you are also encouraged to go beyond what's written and to consider your own next steps for yourself and for your firm: What can be done? What can you do? Through answering these questions and applying their answers, you are already taking the first steps to change the landscape of venture capital in the Nordics.

## VC APPLICATION POINT

**What can YOU do to advance DEI in the Nordic VC ecosystem this year?**

Reflect on this question individually and with your team, and share your intentions with your network to encourage and follow your progress throughout next year.





# ABOUT INKLUSIIV

Based in Finland, Inklusiiv is an organization with a mission to create and share knowledge about Diversity, Equity and Inclusion. Their team of leading experts on DEI and organizational strategy have already supported 120+ clients globally to drive tangible organizational change.

Advancing diversity, equity and inclusion is a long-term journey, not a destination. DEI should be a strategic priority and embedded all throughout your organization. This is why Inklusiiv's approach is holistic and evidence-based.

Inklusiiv offers:

- Learning services, such as keynotes, trainings and workshops.
- DEI consulting services, from strategy planning to hands-on implementation of different initiatives.
- DEI survey & insights services, such as D&I surveys, analysis and sparring support.

Inklusiiv also operates the Inklusiiv Community, a collective of organizations that are committed to advancing DEI and recognize it as a strategic priority. Inklusiiv facilitates networking and knowledge-sharing for the community, and supports the organizations in creating more inclusive workplaces through tangible action.



# ABOUT VALIDEI

## PEOPLE FIRST IMPACT ORIENTED RESEARCH.

VALIDEI is a Helsinki-based research agency providing responsible organizational insights for growth companies, investors, and media partners throughout Europe.

We specialize in

- custom experiments,
- organizational audits,
- impact assessments, and
- strategic planning

related to CSR, DEI, ESG, HR, and talent acquisition.

VALIDEI supports stakeholders who dare to know more and do better.

For more information or for partnership opportunities, visit [www.validei.com](http://www.validei.com) or reach out at [contact@validei.com](mailto:contact@validei.com).



Laura Smith  
Founder, VALIDEI

# SUPPLEMENTARY RESOURCES

## Your learning journey has just begun.

Consider the following resources to keep your progress on track.

- Relevant research:
  - Atomico's (2021) State of European Tech
  - Åstebro, Rafih, and Serrano's (2022) Venture Capital Financing in Europe: Gender and Ethnic Diversity in Founder Teams
  - European Women in VC & IDC's (2022) Women in European Venture Capital
  - Sifted / Lewin's (2021) In Data: Gender and Ethnic diversity in European VC
  - TESI's Diversity Review (2021) Persistently Developing the Diversity in the VC/PE Market
  - Unconventional Venture's (2021) Startup Funding Report
- Relevant articles
  - Harvard Business Review: The Other Diversity Dividend
  - Sifted: The Slow Rise of Intersectional VC - and why it's important
  - Venture Capital Journal: 6 Bright Ideas to Boost Diversity in VC

Additional resources can be found in [Inklusiiv's Resource Bank](#).

