

# DEI IN THE NORDIC VC INDUSTRY

Perceptions, realities and the way forward

## WHY STUDY DIVERSITY, EQUITY AND INCLUSION IN VENTURE CAPITAL?

Venture capital (VC) funds hold power in selecting and funding tech companies that will shape our societies in the future. VCs invest in the riskiest business ventures, expecting outsized returns on investment for finding and funding these "unicorns." VCs are also in a unique place to impact diversity and inclusion – besides making critical investment decisions, VCs influence strategy through board work, they support and mentor founders, help shape company culture, and influence recruitment decisions. However, significant structural problems persist.

Across studies, the data has been clear and consistent: there is very little diversity in the Nordic venture capital industry, and the situation has not significantly improved in the past five years. Startup founders who are women receive significantly less venture capital funding than men, and founders of ethnic minorities receive single-digit percentages of VC investment in the Nordics. This study explores why this is the case, and how the VC industry in the Nordics could evolve to become more diverse, inclusive, and equitable.

## WHAT DOES DIVERSITY MEAN FOR VCS?

Although all three pillars of DEI - diversity, equity and inclusion - are important, most participants in this study focused exclusively on diversity. Most commonly, the scope of DEI for VCs entailed the reporting of binary gender data or the provision of ad hoc advice to portfolio companies. Other dimensions of diversity, such as age, ability, race, ethnicity, and sexual orientation, which are commonly taken into consideration in other regions of the world, were largely overlooked by participants in the Nordics.

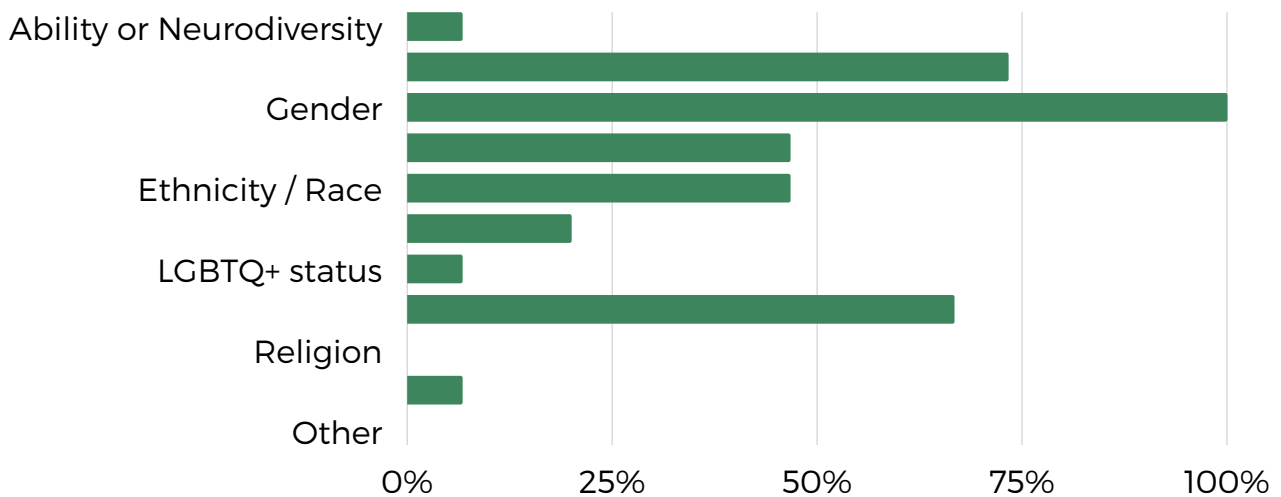
## 25 VCS INVESTING IN ALL FIVE NORDIC COUNTRIES

This study gathered insights from 30 investors representing 25 venture capital firms active in the Nordics. Ten investors participated in sensemaking exercises for data validation and interpretation.



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[www.inklusiiv.com/deiresearch](http://www.inklusiiv.com/deiresearch)

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



### WHAT IS THE ROLE OF VCS IN ADVANCING DEI?

All study participants understood their responsibilities as VCs in terms of stewardship. Some articulated this stewardship as solely financial in nature: as the responsibility to deliver outsized returns to their limited partners (LPs). Some VCs understood their role as stewards having both a financial and a social dimension. These investors were aware of the impact of their decisions on the future, and often measured that impact along with their ESG metrics.

### 7 out of 9

VC firms with a strong social understanding of their role had clearly defined diversity strategies and regularly requested diversity data from their portfolio companies.

### 2 out of 9

VC firms with solely a financial understanding of their role had a diversity strategy. None of these VCs requested diversity data from their portfolio companies.

### WORKING THROUGH THE FIRE: MAKING A DIFFERENCE AS A VC

Many VC investors underestimated their own agency in changing the current state of diversity and inclusion in the industry. Those who believed that the status quo could not be changed were not actively or systematically seeking to change it. One key step in making the Nordic VC industry more diverse and inclusive is therefore to provide a means of identifying the agency, actions, and impact that a single VC investor or firm can have, moving VCs from resignation to resolution. The study identified four dimensions - the firm, individuals, relationships, and the broader ecosystem - through which venture capitalists in the Nordics can make an impact. In each of these areas, the participants expressed both the need and ability to affect change.

## FIRE: Areas of Impact for VC firms and investors to advance DEI

Through:	F Firms	I Individuals	R Relationships	E Ecosystems
Internal Impact (The VC Firm)	VC recruitment, retention, and development	Learning about these themes	Diverse networks	Limited partner relations
External Impact (Portfolio Companies, the VC industry)	DEI policies, practices, & reporting	Bias awareness	Founder relationships	Media relations

### PROGRESS IS EARNED

Many VC firms and investors in the Nordics are already taking action to advance DEI, in both ad hoc and systematic ways. These approaches are often complementary, and have proved impactful for VCs who are taking action to change DEI realities within their own firms, portfolio companies, and the broader ecosystem.

## Educate

Ad-hoc: Have open discussions and give advice when requested

Systematic: Provide mentoring, training, resources & toolkits

## Assess

Ad-hoc: Have episodic inquiries about team diversity

Systematic: Set DEI-related KPIs throughout deal flow

## Report

Ad-hoc: Provide statements, as requested by the media

Systematic: Share policies and progress externally

## Network

Ad-hoc: Give opportunities to existing personal networks

Systematic: Build diverse networks to share access.