



Diversity & Inclusion

in Limited Partner
Investment teams



May 2024

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“The Investing in Women Code has been instrumental in shining a light on how and whether female led businesses are financed. The expansion of the Code to Limited Partners is a natural next step to enhance the focus on female founders and investors throughout the investment community. I am grateful to the BVCA for their continued support as a Code Partner and their enhanced role in data collection for this new cohort of signatories.”



Kevin Hollinrake

Minister of State in the Department for Business and Trade



Foreword

The BVCA has long championed diversity and inclusion across the private capital industry – through research to understand the state of play, events to bring people together to share experiences, supporting government initiatives such as the Investing in Women Code.

This research shines a light on an underexplored segment of the private capital ecosystem – Investment teams in Limited Partners (LPs). These are the people at organisations such as pension schemes, institutional investors and family offices who decide which private equity or venture capital funds are invested in.

The BVCA has gathered data to assess the gender balance and, for the first time, the ethnic mix of individuals in these teams. While the sample size is smaller than we would have liked, we find that 28% of LP investment professionals are female, dropping to 21% at senior levels. Around 20% of individuals in our sample identified as being of Asian, Black / African / Caribbean, Mixed / Multiple or Other ethnicities.

It is clear that there is more to do to improve the diversity within LP Investment teams, particularly at the senior levels. This report makes key recommendations around data collection, recruitment, retention and building an inclusive culture.

We are also proud to be a founding Code Partner for the Investing in Women Code, which is crucial for fostering economic growth, promoting gender equality, and driving innovation through diversity. By encouraging investment in women entrepreneurs, the code helps to level the playing field, address funding disparities, and unlock the potential of women in business.

This year, we have supported the expansion of the Code to LPs. We have collaborated with the LP community to design reporting requirements that work for them. These requirements are being published alongside this report, and we encourage all LPs with a significant UK presence to sign up. The BVCA will act as the data collection agent for this part of the Code, ensuring all data is treated confidentially.

Michael Moore
Chief Executive, BVCA



About this study

Focusing specifically on the UK based investment teams within Limited Partners, this research provides an indicative understanding of gender and ethnicity dynamics within a crucial segment of the private capital industry.

Data was collected via a survey sent to BVCA Limited Partner member firms. Limited Partner firms who are not BVCA members were also welcome to participate. Data was requested on all investment team members who spend over 50% of their time working on private capital investment.

This research was supported by a steering group composed of representatives from influential Limited Partners and organisations dedicated to diversity and inclusion, including Level 20 and Diversity VC.

The research approach included running two focus groups, providing respondents with a platform to share insights on recruitment, promotion, retention processes, and the overall cultural landscape within their firms and the industry. This qualitative dimension enriches the research findings, offering a comprehensive view of the challenges and opportunities faced by women and individuals from diverse backgrounds in the Limited Partners' space.

31
Survey responses from
Limited Partner firms



Covering
804
Private capital investment
professionals in the UK

“

"In Level 20's work to promote a more inclusive and equitable industry, transparency is key. A diverse LP landscape is essential for a thriving private equity industry and LPs have a huge influence on reporting. Robust data drives change and consistent measurement supports stakeholders in tracking progress. Importantly, data sets like these also amplify the voices of women across the industry, and our collective efforts to increase the representation of women in senior roles."



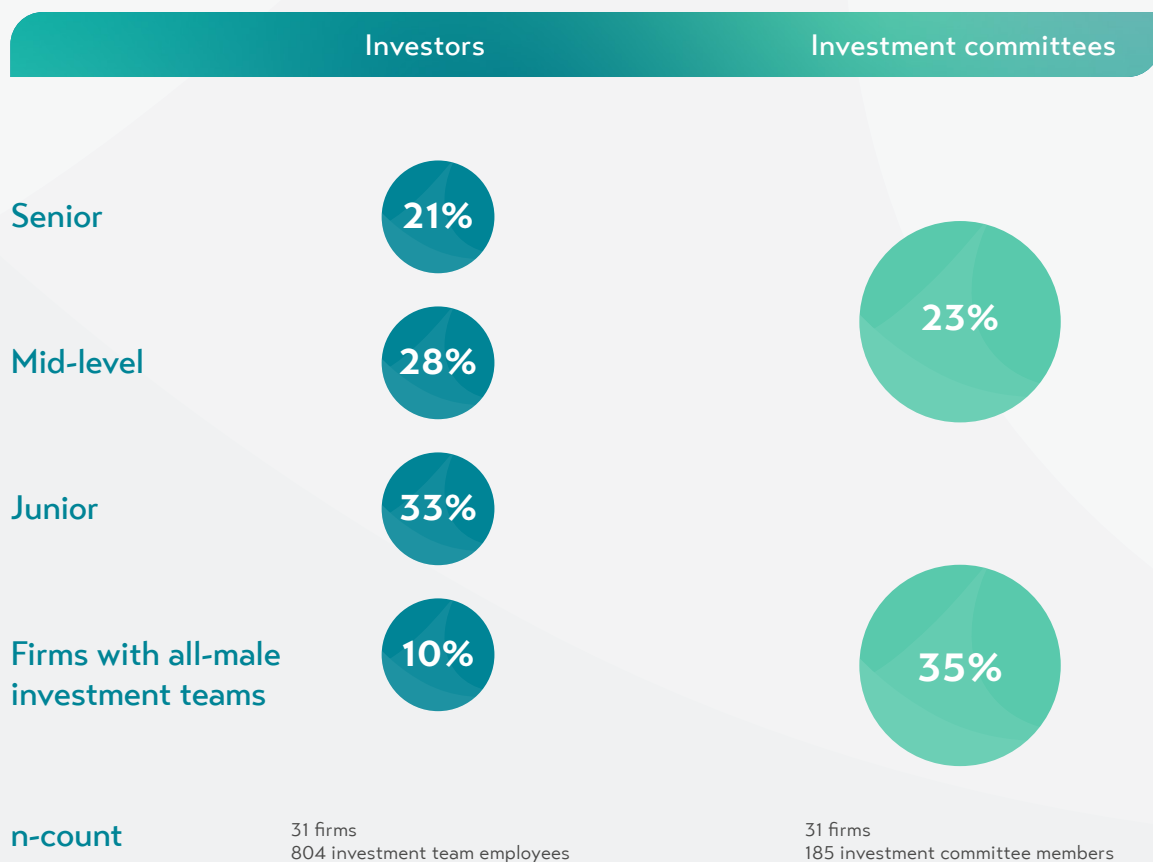
Gurpreet Manku
CEO, Level 20

What do we mean by a Limited Partner?

A Limited Partner (LP) is an investor who contributes capital to a private equity or venture capital fund. Limited partners are typically institutional investors, such as pension funds, endowments, insurance companies, family offices and high-net-worth individuals.

Gender data findings

Representation of women



The overall representation of women in the LP private capital Investment team workforce is 28%, with 21% in senior roles, 28% in mid-level positions, and 33% at the junior level.

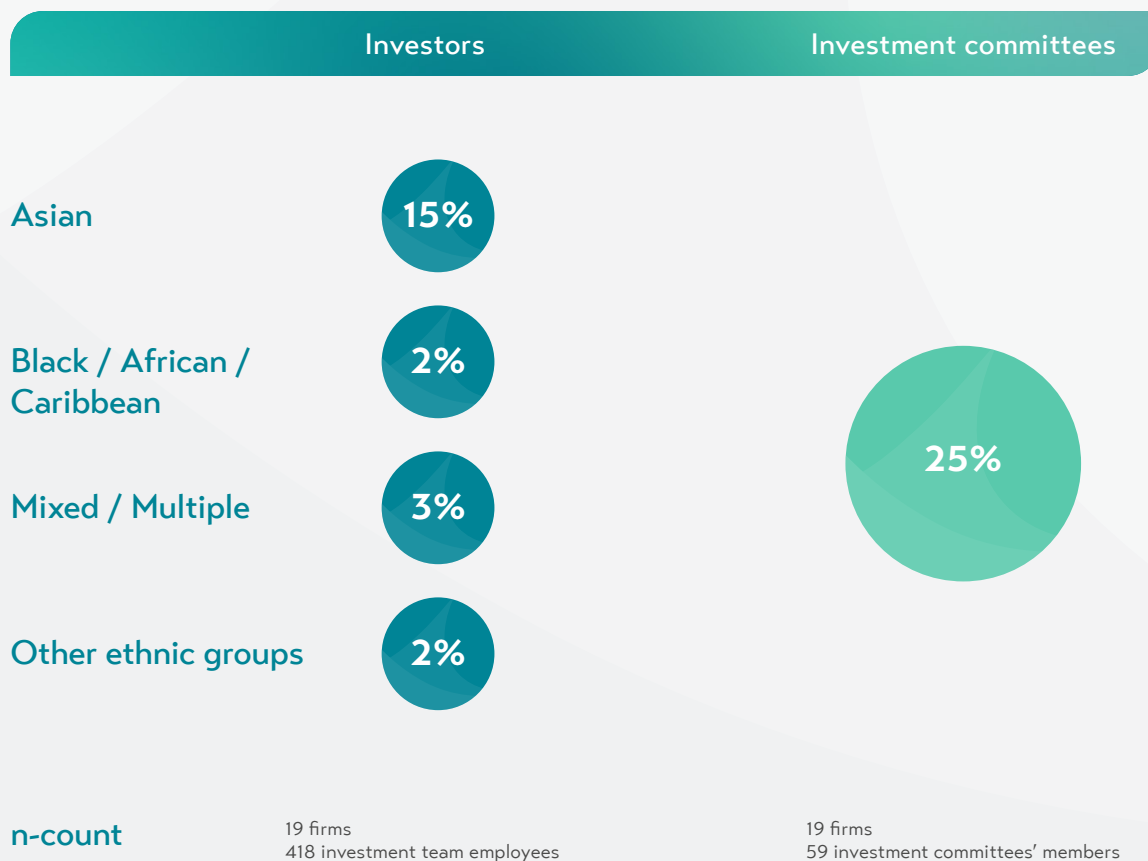
At investment committee level, a key decision-making forum, 23% of investment committee members are women across our sample. A significant proportion of firms (35%) lack female representation.

However, it is essential to exercise caution when interpreting these percentages. The relatively limited sample size and the fact that the majority of responding firms (27 out of 31) have small private capital investment teams with fewer than 25 people suggests that more data is needed to draw definitive conclusions.

One of our key recommendations is for LP firms to improve their data collection in this area so that these indicative findings can be validated by future research, however these figures nonetheless serve as an initial insight into gender dynamics within UK based Limited Partner private capital investment teams.

Ethnicity data findings

Representation of people from different ethnic backgrounds



This is the first study, we are aware of, which has attempted to understand the ethnic representation of individuals working in Limited Partner private capital investment teams. Unsurprisingly, the survey response rates on ethnicity were lower than that for gender, as fewer firms hold this data.

Nevertheless, ethnicity data was obtained from 19 firms, encompassing 418 individuals.

Our analysis revealed that within the cohort of UK based Limited Partner private capital investment teams, 15% identified as Asian, 2% as Black / African / Caribbean, 3% as Mixed / Multiple, and 2% belonged to other ethnic groups.

Notably, 10% of the individuals in the cohort opted not to disclose their ethnicity, a greater proportion than in other surveys.

At investment committee level, 25% of the individuals in our ethnicity sample identified as belonging to an ethnic minority.

These figures nonetheless serve as an initial insight into ethnicity within UK based Limited Partner private capital investment teams.

Recommendations and next steps

The data shows that there is more to do to improve the diversity of Limited Partner Investment teams. However the focus groups revealed a recognition of the need for progress and a strong desire to learn from best practice across financial services and beyond. We have ordered our recommendations within four key areas, and further examples of these in action is given in the [Focus Groups section of the report](#), as well as the [resources section](#). We encourage all industry participants to use this report and its recommendations as a guide to improve diversity within their firms and workforce. This will ultimately lead to more challenge and diversity of thought in team discussions, better decisions making and better investment outcomes.

Data & transparency

Regularly collecting and analysing data on diversity and participating in industry-wide surveys.

Use the data collection template and survey guidance to assist you.

Explore signing up to initiatives such as the Women in Finance Charter and the Investing in Women Code.

Recruitment & outreach

Reviewing and enhancing recruitment processes to attract more women and diverse people from different backgrounds to join the investment industry.

Firms need to start earlier and look more widely to attract a broader spectrum of people to the industry. Some examples of networks and organisations which can assist are given in the [resources section](#) on this report.

Retention & inclusion

Developing people of all genders and backgrounds so that they build successful careers.

This support should be tailored to the individual and could include mentoring and ensuring fair allocation of resources and opportunities. Supporting people outside work as well as within it is also important, for example through robust family policies and everyday flexibility.

Culture & leadership

Encouraging a culture that welcomes and promotes diversity of background, experience and thought.

Organisational culture is set from the top by senior leadership in their words and actions. To build a more inclusive culture, the principles of inclusion need to be embedded within appraisals, leadership training, the approach to team management, social activities, discrimination and harassment policies, inclusive office environments and much more.

Focus groups

Key areas where firms can make a real difference to diversity, equity and inclusion

We held two focus groups, under Chatham House Rule, with people from across the Limited Partner community. With individuals in roles ranging from investment partner to ESG lead to HR, representing the full spectrum of fund sizes, we had rich and varied discussions.

Three key themes emerged:

1. Pipeline, recruitment & onboarding
2. Retention, flexibility & transparency
3. Leadership & cultural changes

In addition, we have highlighted some inclusion initiatives shared by our focus groups.



Focus groups

Pipeline, Recruitment & Onboarding

The focus group participants expressed a commitment to diversity and inclusion, exploring strategies and active efforts to improve the recruitment process and cultivate a diverse candidate pool.



Educational outreach was identified as a key part of attracting a wider pool of people at the more junior levels. This is especially important to reach individuals unfamiliar with the private equity industry and/or the roles available in Limited Partner firms. Some examples of networks and organisations which can assist are given in the [resources section](#) of this report. Informal networks can also assist in identifying diverse talent.



Transparency in recruitment processes was emphasised as an important way to attract a wider pool of candidates. This requires being open about the demands of the current role, internal progression, team dynamics, and providing a comprehensive understanding of the organisation's structure and goals during interview. Interviewees should also get to meet a wide range of people from across the organisation.



Our focus groups stressed the **importance of role models** in recruitment and onboarding, ensuring diversity in gender, background and seniority levels. Many organisations make efforts to ensure interviewers are from a range of genders / background / ethnicities where possible.

Focus groups

Retention, Flexibility & Transparency

The participants highlighted the importance of retaining diverse talent.



Transparency on policies and procedures is key. Many firms in our focus groups have already been through the process of establishing parental leave and other policies, however being clear what these are so employees do not have to ask can make for a more inclusive culture. Policies on performance and progression should also be transparent.



Everyday flexibility is important for people at all stages of their careers but is particularly valued by working parents. A significant emphasis was placed on embedding appropriate flexibility as business as usual, so that specific groups did not feel singled out for having special arrangements.



Leading by example. When senior people openly share personal details, such as parental status, and actively show how they are adopting flexible working practices for themselves, this normalises these behaviours within firms and can help to make people feel more included.

Focus groups

Culture & Leadership

The focus groups delved into the crucial aspect of establishing an appropriate organisational culture, surpassing mere committee structures and policies.



Everyday inclusion is key to success, involving embedding diversity and inclusion efforts into daily practice. This can require active practice to change behaviours e.g. not always having social events involving alcohol.



Be the change you want to see. Having strong leaders who are female and from different ethnic backgrounds can have a huge positive influence on organisational culture. However, these individuals need to have genuine power and influence rather than being promoted to 'fit' an image.



Senior sponsorship is essential. There is the need for collective responsibility across all employees when promoting diversity, equity and inclusion, but the tone will be set from the top.

Focus groups

Inclusive initiatives which work

Focus group attendees highlighted some initiatives which have been successfully adopted within their organisations.



Reverse mentoring, which involves younger or less experienced individuals sharing their insights and perspectives with more seasoned professionals, can foster a mutual exchange of knowledge and promote a culture of continuous learning.



Some firms have **Employee DEI forums**. Typically sponsored by the executive team, they can enable the discussion of DEI issues in a safe and supportive environment. It is important that actions and recommendations are listened to and acted upon, otherwise trust and momentum will quickly be lost.



Raising awareness of cultural and religious events eg Eid, Hanukkah, Chinese New Year etc can help people feel included. If done well it can give people of different backgrounds an opportunity to share and celebrate their culture with colleagues.

Case Study: British Business Bank

Nurturing inclusivity through employee engagement

In its quest to foster a more diverse, equitable, and inclusive organisational culture, the British Business Bank has created an employee forum called "Stronger Together". This group is dedicated to championing diversity, equity, and inclusion initiatives and keeping inclusion and diversity at the forefront of the organisational agenda and exemplifies the ongoing commitment to cultivating diversity, equity, and inclusion within the British Business Bank.

Sponsored by the Executive Committee, Stronger Together consists of around 50 colleagues from diverse backgrounds across the organisation. Operating as an open forum, the group provides a safe space for employees to discuss and address issues related to inclusion and diversity at work. The core and extended network of the group ensure the visibility and impact of its activities, supporting the broader inclusion and diversity strategy of the organisation.

Although Stronger Together is still in the developmental phase, the past year has seen substantial growth in its effectiveness and influence. Key indicators of success include increased engagement in DE&I initiatives and activities, positive feedback from employees, and a growing recognition of the importance of diversity and inclusion across the organisation.



Investing in Women Code expansion to Limited Partners

The purpose of the UK Government's Investing in Women Code (IiWC or "the Code") is to increase the amount of capital going to female-founded and female-led businesses.

By becoming signatories, firms can signal their intention to help close the gender funding gap and support the growth of diverse and innovative enterprises. Increased investment in women-led businesses not only drives economic growth but also promotes gender equality and broadens the range of perspectives within the market.

Additionally, signatory firms demonstrate their commitment to corporate social responsibility and inclusivity, enhancing their reputation and potentially attracting a broader base of partners. By committing to take action as part of the Code, firms help to create a more equitable business environment, fostering innovation and strengthening the overall economy.

Signatories to the Code are required to:

1. Nominate a member of the senior leadership team responsible for supporting equality
2. Provide data to the Department for Business and Trade nominated industry body to be published annually on an aggregated and anonymised basis
3. Adopt internal practices to improve female entrepreneurs' access to finance needed to start and grow successful businesses

Expanding the Code to LP: Limited Partners, as the ultimate providers of capital to the venture capital and growth capital industry, are in a strong position in terms of influencing the behaviour of the firms that they invest with. We can now set out the expectations for LPs who sign up as signatories to the UK Government Investing in Women Code, and the information (both "required" and "voluntary") that LP signatories should provide. LPs may become signatories to the Code regardless of their geographical location—be it in the UK or overseas—provided that a proportion of their investments are associated with the UK.

Purpose of data collection: The compiled information will form an LP chapter integrated into the annual report of the Investing in Women Code overseen by the Department for Business and Trade. This annual report, such as the [Investing in Women Code 2023](#) report, aims to share good practice and ultimately to increase the proportion of venture capital and growth capital investment going to all-female and mixed gender founder teams.

Confidentiality and anonymity measures: To ensure data security and confidentiality, General Partner information provided by LPs must be anonymised (i.e individual GP names should not be disclosed but can be codified instead). The collected data will be aggregated, ensuring that neither LPs nor GPs can

be identified from the information presented. All LP contributors will be duly recognised as signatories on both the Investing in Women Code website and annual report.

First year grace: All new signatories will be allowed a one year grace period from the date of signing, during which they will not be required to provide data, although they will be encouraged to do so. This applies to all data metrics set out on the following page.



Investing in Women Code expansion to Limited Partners

Required information describing the LP's active engagement to encourage more balanced gender participation in the venture capital and growth capital market:

- Statement that the LPs actively encourage their venture capital and growth GPs to sign up to the liWC, with optional additional commentary;
- Number of GP firms which the LP invests in which are signatories to the liWC;
- Whether the LP is a member of any gender diversity focused organisations, such as Level 20 and Diversity VC;
- Whether the firm's due diligence practices for new managers and new commitments include practices and processes which focus on diversity;

Required information on the LP signatory organisation:

- Name of Limited Partner (LP);
- Geographic focus – percentage of Private Equity Assets under Management (AuM) by region (Europe, North America, Asia, Other);
- AuM/AuA: Total Global Private Equity Assets Under Management (AuM) - (defined as assets for which you have discretion over investment). Total Private Equity Assets under Advisory (AuA) - defined as assets for which the firm provides advise but does not have ultimate investment discretion);
- Percentage of Global Private Equity AuM in Europe;
- Percentage of Global Private Equity AuM in the United Kingdom, if available;

- Stage focus – percentage of Private Equity Assets under Management (AuM) by stage (for example Seed, Venture, Growth, Buyout, Other, mix of VC & Growth);
- Percentage of female members of the LP's Investment Committee;
- Percentage of female members of the investment team. For the avoidance of doubt, "investment team" includes people who work on portfolio company value enhancement, and the CFO or Finance Director;

Required information on the number of venture capital and growth fund managers currently in the portfolio, disaggregated by whether the fund managers are:

- Signatories to the Investing in Women Code;
- Firms with UK investments that are not signatories to the Code. For this purpose, "firms with UK investments" means that at least 20% of portfolio company investments are head-quartered in the UK, or a firm is targeting an exposure of at least 20% UK investments;
- Firms with exclusively non-UK investments. For this purpose, "non-UK" means less than 20% of portfolio company investments are head-quartered in the UK, or a firm is targeting an exposure of less than 20% UK investments.



Investing in Women Code expansion to Limited Partners

Voluntary information on fund investments made that reach the LP's Investment Committee stage

- Number of venture capital and growth capital funds considered by the LP's Investment Committee (before legal considerations) in the 12 months from 1 January to 31 December (calendar year);
- Percentage of these funds that have investment activities in the UK;
- Final close fund size, where known for each fund (codified so that the GP/fund cannot be identified);
- Disaggregated by whether the investment was approved or not by the LP's Investment Committee;

Disaggregated by all-female, mixed gender, and all-male fund investment teams. For the avoidance of doubt, "investment team" includes people who work on portfolio company value.

Contact: The BVCA will undertake the role of data collection nominee, collecting and aggregating the data to ensure anonymity for individual firms. For any questions, please contact research@bvca.co.uk



Case Study: Better Society Capital

Committing to female entrepreneurship and bridging the investment gap through the Investing in Women Code

In response to significant gender disparities in access to finance and resources within the entrepreneurial landscape, the UK government introduced the Investing in Women Code (IiWC). This initiative aims to improve support for female entrepreneurs by enhancing their access to tools, resources, and finance from the financial services sector. As the IiWC expands to Limited Partners, who play a crucial role in influencing the behaviour of investment firms as ultimate providers of capital to the private capital industry, it further underscores the commitment to addressing gender disparities.

Better Society Capital, a leading social impact investor in the UK dedicated to using finance for positive social outcomes, strategically aligned itself with the mission of the Investing in Women Code. By becoming signatories of the IiWC, Better Society Capital positions itself as one of the pioneering Limited Partners endorsing this initiative. Their commitment aims to narrow the finance gap for female entrepreneurs, set an example for other investors, and foster inclusivity for economic growth.

Since becoming signatories of the IiWC, Better Society Capital has taken proactive steps to integrate gender considerations into its investment decisions. This includes actively seeking out opportunities to support female founders and entrepreneurs, as well as collaborating with other stakeholders to advocate for policies and initiatives that promote gender equality within the entrepreneurial ecosystem.

The impact of Better Society Capital's commitment to the IiWC extends beyond its own investment portfolio. By raising awareness of the importance of gender diversity and inclusion within the investment community, the organisation catalyses broader systemic change.



Companion resources

Gender and ethnicity questionnaire

The template questionnaire created as part of this study is available for firms to use when collecting data internally.

Guide to running a diversity survey

Guidance on how to run a diversity survey within an organisation.

Spotlight on other keys guides and research

Guidance and Best Practice Examples for VC,
Private Equity and Institutional Investors

GPs - Diversity & Inclusion Report - March 2023



Where to find guidance

In addition to the BVCA, there are many organisations working with private equity and venture capital on increasing diversity and inclusion. For example, several groups / bodies provide best practice guidance and access to additional research or programmes. Where relevant, membership can be a way of accessing information and guidance as well as act as a signal of intent. Resources are often available freely on websites. Below are some of the organisations the BVCA have been supporting or engaging with.



Promoting diversity, equity and inclusion across the private capital industry

An integral part of the BVCA's mission is to promote diversity, equity and inclusion (DE&I) within our industry and support firms to build inclusive environments in which everyone can thrive. In addition to conducting research such as this, the BVCA promotes diversity through internal governance, engagement with industry and government initiatives and events and networking.

Governance & public initiatives



- The BVCA aims to lead the way by ensuring good representation of women and people of different backgrounds across our Council, Committees and senior management team.
- The BVCA has a member of the senior executive team with a responsibility for gender diversity and inclusion.
- The BVCA is a founding Code Partner for the Investing in Women Code.
- The BVCA has signed the Women in Finance Charter.

Events and networking



- The BVCA runs a Diversity, Equity & Inclusion networking series. In the past year, events have included an LGBTQ+ Forum, Investing in Diverse Founders breakfast, Social Mobility breakfast and Inspiring Women event. These events are designed to be inclusive and provide a convivial and open environment to exchange experiences, share best practice, debate the issues in our industry and showcase what firms are doing to improve diversity and inclusion.
- The BVCA is committed to ensuring there is a diverse representation of speakers, including people from all backgrounds, at our events and especially our flagship events such as the Summit, Accelerate Conference and National Dinner Series. We actively invite women and people of diverse backgrounds to speak and endeavour to avoid male-only speaker panels at events.

Appendix 1: Methodology

Firms included in the analysis

Participation in this study was open to all Institutional LPs who had a physical office presence in the UK and an active private capital programme.

Gender definitions

Firms were asked to report employees within the following categories:

- Female
- Male
- Prefer not to say

Ethnicity definitions

We took our ethnicity definitions from the UK Census, with firms asked to report employees within the following categories:

- White
- Asian
- Black / African / Caribbean
- Mixed / Multi-ethnic
- Other

Please see www.ethnicity-facts-figures.service.gov.uk/style-guide/ethnic-groups for more information

Data collection

Data for this study was collected through firm surveys.

Survey Monkey was used to collect survey data from firms. Excel submissions were also accepted.

A list of the firms who responded to our survey is provided.

Data handling

Only the individuals directly working on this report at the BVCA have access to any data provided or collected.

Recognising that ethnicity data can be sensitive, the BVCA committed to anonymising ethnicity data received during the survey at firm-level, so it cannot be associated with a particular firm.

Review procedures

The BVCA team undertook the following checks and verification to ensure the robustness of the data.

- We reviewed the descriptive data provided by firms, including firm descriptions, strategy and AUM based on the knowledge of the team and existing systems and records.
- We checked the data for obvious mistakes using public sources of information, such as LinkedIn and firm websites (for example if the gender data entry had been transposed).
- We performed internal consistency checks on the data (for example ensuring that gender information provided on a granular level matched totals provided in answer to other gender and ethnicity questions). Where necessary we raised clarification questions with respondents.

Focus Groups

Following validation of data, two focus groups were held to further discuss emerging themes.

Groups varied in composition, including firms of all types.

All focus groups were held under

Chatham House rules to allow for frank sharing of views and experiences.

Dates of research

The survey was conducted between November 2023 and January 2024, with firms asked to return data as at or as close as possible to 30 September 2023.

Seniority categorisation

Senior roles: Leadership of management company and investment team. Responsible for final investment/divestment decisions. C-level type responsibilities.

Mid-level roles: Responsible for sourcing, evaluating, executing and managing deals. Investment professionals reporting directly to C-level or equivalent.

Junior roles: Supports senior team members. Typically, less than 5 years tenure.

Appendix 2: survey participants

17Capital

Adams Street Partners

Astellas

Big Issue Invest

Big Society Capital

BP Investment Management

Bregal Investments LLP

British Business Bank

British Patient Capital

Church Commissioners for
England (Church of England)

Coal Pension Trustees

Federated Hermes GPE

Funding London

Glendower Capital

Hamilton Lane Advisors

Hollyport Capital

IH International Advisors

Kliwla Family Office

LGPS Central Limited

Mubadala Capital

Neuberger Berman

Nippon Life Global Investors Europe

Ormonde Partners

Pantheon Ventures

Pension Protection Fund (PPF)

Schroders Capital

StepStone Group Europe

SWIX Family Office

Universities Superannuation
Scheme (USS)

VenCap International



In addition, one firm submitted data but requested that they remained anonymous.

Acknowledgements and contact details

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If you have any questions on this report, please contact us on: research@bvca.co.uk

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JP Morgan



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