

BEYOND RETURNS

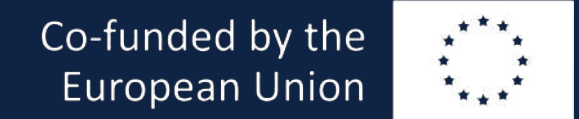
Venture and growth investing fuelling
sustainability & societal change

2024



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Kristine Berzina
Solo GP



European Women in VC is a community of nearly 1,000 like-minded individuals working towards parity across the European startup and VC ecosystem and towards increasing the number of women in VC management roles.

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Foreword

We see the transformative impact of venture capital across all aspects of European society, economic development, and growth.



Kinga Stanislawska
Co-Founder
European Women in VC



Carolyn Dawson OBE
CEO
Founders Forum Group



[Visit European Women in VC website](#)

[Visit Founders Forum Group website](#)

[Visit Tech Nation website](#)

In health, where European health tech startups have raised more than €50b in VC investment in the past five years. In climate, where investment has tripled to more than €20b in the past three years, bucking the trend of overall VC investment. In job creation: 6.3 million jobs have been created by European VC-backed startups.

These disruptive, high-potential companies are innovating across a multitude of sectors and prioritising positive impact in their business models. In 2023, more than a third of total VC investment in Europe was raised by positive impact startups that directly address one or more of the UN SDGs.

Plus, investing in diverse teams, the data tells us, is vital for broad impact across industries. VCs with women partners are more likely to invest in startups (co-)founded by women, and those women (co-)founded startups are especially active in areas like health and food. One in three women VCs and LPs we surveyed also say that reducing carbon footprint is a high priority objective when choosing a company or fund to invest in.

In our Beyond Returns report – a collaboration between European Women in VC, Founders Forum Group, and Tech Nation – we dive into the latest investment data to uncover the broad and transformative impact of venture capital on European tech, business, and society.

Through our comprehensive survey of 300+ leading European VC partners and LPs, plus feature-length interviews with some of the biggest backers of European venture capital, we reveal the strong appetite for impact among the investment community, their diversity and ESG strategies, and how they make their investment decisions.

There is still a venture capital funding gap that needs to be filled. Pension funds in Europe, for example, allocate just 0.01% of their assets under management into European VCs. We’ve seen governments increase funding for VCs, but it’s essential that this investment goes into positive impact funds, funds that address society’s most pressing needs, to drive change.

We won’t be shy about our goal. European VC and growth funds raised €24b in 2023 and €31b in 2022, the highest annual figures on record. VCs are sitting on tens of billions of euros of dry powder and this is now ready to be deployed into diverse, impact-focused startups.

VCs believe in positive impact: 79% of those we surveyed have implemented, or plan to implement, an ESG strategy to guide their investment decisions this year, and 87% of VCs and LPs say that increased diversity in venture capital leads to better investment decisions and financial returns.

We believe that venture is the most impactful asset class, where returns and sustainability go hand in hand.

In today’s turbulent world, having just emerged from the covid pandemic, grappling with geopolitical instability and the threat of war on Europe’s doorstep, while trying to address the biggest global challenges of climate change and food and water security, we see growth and venture investment as playing a pivotal role for positive change.

Only by catalysing more institutional investment into venture can we fuel the step-change innovations in technology that transform industries, unlock outsized returns, and make lives better in Europe and beyond.



A Message from Kerstin Jorna, European Commission

To meet our investment needs we need to channel more money into EU capital markets. We need bigger funds with more firepower, and we need to attract more investors into venture capital.



Kerstin Jorna

Director General, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs

European Commission



This new report from European Women in VC, Founders Forum Group, and Tech Nation helps us understand better what drives investment decisions of various types of institutional investors and what are the possible reasons behind their reluctance to engage in VC. We will look closely at the results of the survey.

The recently published Letta Report on the EU Single Market also highlights this issue and puts forward several ideas for channelling more funds from institutional investors, such as pension funds, insurance companies, as well as retail savings into the real economy.

Europe has set ambitious goals regarding the green and digital transformation.

A successful transformation will limit the existential risks of climate change. It will also be key to strengthening the EU's open strategic autonomy, the long-term competitiveness and the EU's global leadership in the new, net-zero economy.

For this to happen we need more public and private investment. Only to meet the objectives of the Green Deal and RepowerEU, additional investments of over €620b annually will be needed. A lion's share will have to come from private funding.

Venture capital has a key role to play in financing innovative companies developing technologies that are key for the twin transition.

Despite the steady growth of the European VC market, we are still lagging behind other global players. This gap is particularly visible for late-stage financing, which is very much needed to finance companies in clean tech,

quantum computing or AI, which typically need more capital and time to scale up and to bring their innovations to market.

The European Commission is continuously committed to the growth of a strong VC ecosystem in Europe.

Our InvestEU programme supports fund managers investing in various sectors and across investment stages. To support larger funds, in the context of InvestEU we have launched the European Scale-up Action for Risk capital (ESCALAR) scheme, which provides investments into VC funds on the basis of asymmetric risk-sharing (capped returns against risk protection) to substantially increase funds' resources, thus allowing larger investment tickets and greater capacity for follow-on investments in scale-ups.

The European Tech Champion Initiative (ETCI), launched by a number of Member States and the EIB Group, aims at boosting equity investment in European high-tech scaleup companies (funding rounds above €50m). After one year, ETCI made close to €1b of investments aimed at mobilising up to €6b, reinforcing its commitment to invest in cutting-edge companies and to drive the digital transformation across the continent.

The EU has recently revised the European Long-Term Investment Fund (ELTIF) framework, which allows investors to invest into companies and projects that need long-term capital.

We also remain committed to support gender diversity in the European venture capital ecosystem, through dedicated gender targets under the InvestEU programme and with an upcoming project that will bring together and build capacity of female and gender-diverse investors in Europe: the 'European Network of gender-conscious investors'.



A Note on Impact

Our goal is to demonstrate the positive impact of venture capital as an asset class.

The venture capital industry, and VC-backed companies, have a tremendous positive social and environmental impact, accelerating breakthrough technologies, creating jobs, broadening career opportunities for women and other underrepresented groups, and changing industries for the better.

However, defining what positive impact means is a significant challenge that we, as an industry, continue to grapple with.

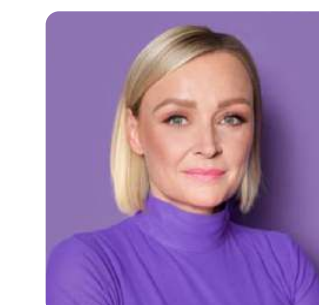
First, we should note that ESG and impact are not the same thing. While ESG investing incorporates Environmental, Social, and Governance factors into traditional financial analysis, impact investments are specifically made with the intention to generate positive and measurable social and environmental impact alongside a financial return.

There are also numerous frameworks for measuring or guiding the measurement of positive impact, from the overarching UN Sustainable Development Goals to the Principles for Responsible Investment and the IFRS Sustainability Standards. Funds also, including Article 8 and 9 funds, adopt a variety of approaches, and some are developing frameworks of their own.

In summary, there is no industry consensus on measuring impact. We view the impact space as a developing market and we're not here to suggest that one impact framework or tool is more appropriate or effective than another.

Instead, by demonstrating the ways that venture capital can benefit society and the world, we want to initiate a broader conversation with stakeholders from across the venture ecosystem and beyond to consider how we can continue to change the industry for the better.

Resources are scarce, and so it's critical that the biggest asset holders allocate their resources to the channels that will drive the biggest positive impact. Backing VC and growth funds that are gender-diverse and impact-focused is the best way to drive widespread, positive change that represents and meets the needs of society as a whole.



Kasia Piasecki
Managing Director,
European Women In VC



Introduction

The European tech ecosystem reached a combined market valuation of €3.5 trillion in Q1 2024, more than doubling in value over the past five years.

Much of this is driven by venture capital. Across Europe today, there are more than 2,400 active VC firms; 6.3 million jobs have been created by European VC-backed startups; and Europe has produced close to 200 active unicorn companies, driving innovation and positive impact across industries.

We’ve seen steady growth in VC investment, especially in Southern Europe and the Nordics where positive impact-focused startups are driving growth. In 2023, European tech startups raised €53b in VC investment overall, down on the boom years of 2021-2022, but up 36% compared with 2020.

At the same time, we’ve seen more VC investment going into startups driving positive social and environmental impact. Investment in European climate tech startups has tripled to more than €20b in the past three years. Investment in deep tech startups, advancing transformative, emerging technologies like AI-driven drug discovery and quantum computing, has more than doubled to \$17b in the past five years.

Cambridge Associates have reported venture capital as the best performing asset class of the past 25 years. Venture capital today has also become the primary catalyst for enabling those step-change innovations in technology that can tackle the world’s biggest challenges and drive positive social and environmental change — and that’s why we need to catalyse more funding from institutional investors into venture.

From pension funds: 62% of pension funds have built a private equity or venture capital programme, according to a report by Invest Europe. Yet only 0.01% of pension fund AUM is invested into European VCs, despite the significant advantages. According to a study of German pension funds conducted by Redstone, returns on investments in venture capital were higher than for other asset classes and significantly less volatile, with similar or better returns, when other asset classes were included in the portfolio.

Family offices are increasingly aligned with positive impact investing, but account for just 4% of the impact investing ecosystem. They too can benefit hugely from tapping into venture.

Where funding from institutional investors goes is also key. In the UK, 10x more LP capital goes to VC funds managed by men. Yet, within venture, it’s the co-led teams — women-led and co-led — that perform better, according to European Women in VC. A 2023 study showed that the presence of women in senior VC management teams is correlated with higher returns, and, as we’ll see in our survey findings, women VC leaders are especially focused on positive impact.

Ultimately, everything has an impact. Our focus is on impact that generates positive social and environmental change that benefits people and the planet. In this report, through our comprehensive research, VC and LP survey findings, and interviews with some of the biggest names in the ecosystem, we demonstrate the broad and transformative impact of European venture capital.

*Investment data is from Dealroom. See our methodology for more detail.

+ Key insights at a glance

€3.5 trillion

combined market valuation of the European tech ecosystem in Q1 2024



2,400+

active VC firms in Europe



€53b

raised by European tech startups raised in 2023



6.3m

jobs created by European VC-backed startups



1/3

raised by impact startups that directly address one or more of the UN SDGs



199

European unicorns



1/10

raised by women (co)-founded startups

Key Findings



Key findings of the 2024 European Women in VC Report



1

More VC money is going to European positive impact-driven startups than ever before.



€53b

raised by European tech startups raised in 2023.



1/3

was raised by positive impact startups that directly address one or more of the UN SDGs.



1/3

VCs we surveyed use the UN SDGs to guide their investments.

2

LPs are especially motivated by the desire to make a positive environmental impact in their investment decisions.



1/3

LPs we surveyed say that reducing carbon footprint is a top priority when choosing a fund to invest in.

73%

say alignment with SDGs is important.

3

Improving ESG performance is a top priority for the majority of VCs over the next 12 months.



1/2

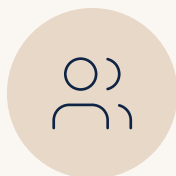
VCs we surveyed say that improving the ESG performance of their portfolio companies is a top priority for the next 12 months.

87%

have already implemented an internal ESG policy, or plan to do so in the next year.

4

There is a strong belief that increased diversity in venture capital leads to better investment decisions and financial returns — and this is translating into action.



9 in 10

VCs and LPs we surveyed say that increased diversity in venture capital leads to better investment decisions and financial returns.

1 in 3

women VCs and LPs we surveyed say enhancing corporate governance and reducing carbon footprint are high priority objectives when choosing a company or fund to invest in.

5

Superior returns and personal values and the will to change the world are the driving forces in the VC industry.

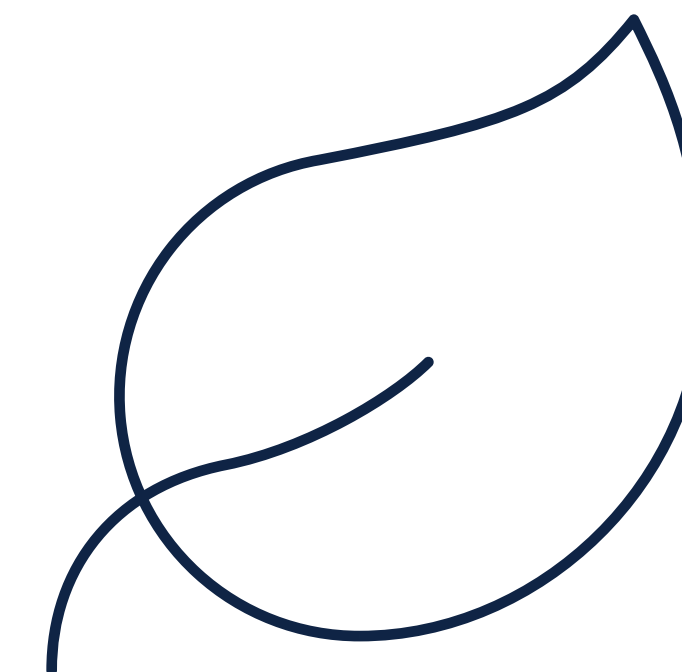
88%



of the VCs we surveyed say they use an impact investing framework or tool to guide their investment decisions due to their own personal or their fund's values.

Alongside returns, one in four VCs we surveyed say that reducing carbon footprint, enhancing corporate governance, and ensuring responsible production and consumption are top priorities when choosing their investments.





1

1 Key findings

More VC money is going to European positive impact-driven startups than ever before.

Of the €53b in venture capital investment raised by European tech startups in 2023, a third was raised by positive impact startups that directly address one or more of the UN SDGs. Our survey found that one in three VCs use the UN SDGs to guide their investments, with a strong focus on climate action. As VCs prioritise positive impact, this share of total VC investment raised by European impact startups has more than doubled in the past five years, and investment in European climate tech startups has tripled in the past three years.

Investment data from Dealroom

Nowhere is this felt more than in the Nordics. Of the €7.9b of VC investment that went into startups headquartered in the Nordics in 2023, 61% went into impact startups that directly address one or more of the UN SDGs. That's around double the percentage of VC investment dedicated to impact startups compared with any other European region.



1/3

was raised by positive impact startups that directly address one or more of the UN SDGs.



2 Key findings

2 LPs are especially motivated by the desire to make a positive environmental impact in their investment decisions.



1/3

One in three of the LPs we surveyed say that reducing carbon footprint is a top priority when choosing a fund to invest in.

Although the most important factors in the investment decisions of LPs, like VCs, are the quality of the team they're backing and future revenue potential, 73% say alignment with SDGs is important. 44% of LPs say that advancing climate change initiatives is a top priority in the next 12 months. Additionally, 60% of LPs we surveyed have implemented an ESG strategy to guide their investment decisions, or plan to do so in the next year, while 65% already require their portfolio companies and funds to report on ESG, or plan to in the next year.



3

3 Key findings

Improving ESG performance is a top priority for the majority of VCs over the next 12 months.



1/2

More than one in two of the VCs we surveyed say that improving the ESG performance of their portfolio companies is a top priority for the next 12 months.

More than one in two of the VCs we surveyed say that improving the ESG performance of their portfolio companies is a top priority for the next 12 months. 82% have already implemented an internal ESG policy, or plan to do so in the next year. 79% have implemented an ESG strategy to guide their investment decisions or plan to do so in the next year. 65% have already implemented a dedicated ESG officer and/or team, or plan to do so in the next year.*



4 Key findings

4

There is a strong belief that increased diversity in venture capital leads to better investment decisions and financial returns — and this is translating into action.



87%

of the VCs and LPs we surveyed overall say that increased diversity in venture capital leads to better investment decisions and financial returns, and 82% of VCs and 77% of LPs say the diversity of the founding team of the startups or funds they invest in is important.

We've seen evidence that women-led VCs are more likely to invest in women (co-)founded startups, and so VCs are taking steps to increase representation of women at partner level. 38% of VCs say that increasing the diversity of their partners is a top priority for the next 12 months. These women VC partners are especially focused on impact — one in three women VC leaders we surveyed say that reducing carbon footprint and enhancing corporate governance are high priorities when making their investment decisions. Plus, according to research by European Women in VC, the presence of women in VC senior management teams is correlated with higher returns.



5 Key findings

5 Superior returns and personal values and the will to change the world are the driving forces in the VC industry.



88%

of the VCs we surveyed say they use an impact investing framework or tool to guide their investment decisions due to their own personal or their fund's values.

VCs are understandably focused on returns, and the ability of the founding team they invest in to realise their returns, but these factors are considered alongside positive impact.

One in four VCs we surveyed say that reducing carbon footprint, enhancing corporate governance, and ensuring responsible production and consumption are top priorities when choosing their investments. Ultimately, the underlying mentality of venture capital is values-based investing, which brings about a positive impact as well as returns.

We know too that investors in private markets — impact-focused LPs and a younger generation of family office owners — are increasingly prioritising sustainability and positive impact in their allocations. Still, we need change to ensure that large, institutional investors increase their commitments to building the businesses of tomorrow. Venture fund managers — and especially women-led firms focused on SDGs and impact — are ready to take on the challenge. Now, we need to work together to build an ecosystem that supports the flow of capital into venture to drive positive social and environmental change.

*Impact and ESG are not the same thing. See our note on impact on pg. 6.

Pia Santavirta

CEO, Tesi



Pia Santavirta

Matias Kaila

Fund Investments Director, Tesi



Matias Kaila

// Our mission is to build the best possible environment for startups and growth companies. //

Pia is the CEO and Matias is the Fund Investments Director at Tesi (officially Finnish Industry Investment Ltd), a state-owned, market-driven investment company that invests in venture capital and private equity funds, and directly in Finnish startups and growth companies.

“Our investments support promising startups addressing global challenges.”

With nearly 30 years of experience, Tesi has been actively involved in shaping the Finnish private equity and venture capital market, aiming to create a supportive environment for startup and growth companies.

When focusing on the venture capital and startup side, Tesi invests in VC funds and directly in companies, collaborating with our VC partners to boost growth of Finnish startups. These investments support promising startups, often focusing on technologies addressing global challenges, and contribute to job creation and the development of an expertise ecosystem.

“We’ve achieved double the average percentage of European pension fund investment in venture capital in Finland.”

Venture capital investment in early-stage growth companies has been difficult to integrate into the investment portfolios of institutional investors. Tesi took on this challenge together with Finnish pension companies and introduced the growth fund-of-funds (KRR) concept in 2008. Currently numbering five, these funds-of-funds, managed by Tesi, invest in Finnish VC and PE funds, which in turn invest in Finnish startup and growth companies.

According to Invest Europe, in European venture capital fundraising, pension funds mark 6% of the total amount. With the help of KRRs, we have doubled that percentage in Finland and supported the scaling of dozens of new venture capital funds and the growth and internationalisation of hundreds of Finnish companies.

“We ask all GPs how diversity has been taken into account in the investment teams and how it is integrated.”

As a fund investor, Tesi plays an active role in furthering diversity within investment teams. This is also included in our ESG due diligence. If the team is not diverse, or there are no actions or plans for how to improve the situation, they might not be funds we’d invest in. To further diversity in the ecosystem, funds need to be open-minded when recruiting new team members, be aware of their own biases, and understand that furthering diversity is a strategic decision and part of risk management.

Tesi

Ilkka Paananen

Co-Founder & CEO, Supercell, Founder, Illusian



Ilkka Paananen

// We see diversity as an important data point when assessing the potential of any investment.

Ilkka Paananen is the Co-Founder and CEO of Supercell, the Finnish games company behind hit games like Clash of Clans, Clash Royale, and Brawl Stars. Supercell was the first European tech startup to reach a \$10b valuation. Ilkka helps other entrepreneurs as an investor, board member, and as a mentor through his family office, Illusian. He's also an LP at firstminute capital.

“Most economic value is bound to be created in technology.”

Once upon a time, Europe was the most dynamic economy on the planet. If we want to dream of getting back to that position, we need to become much better at building and growing valuable, world-changing tech companies. The simple reason is that the most of economic value is bound to be created in technology, and we need to get our share of that to be able to protect our values of democracy, freedom, cultural diversity, and everything else good that Europe stands for.

This is also crucial for our sovereignty. We should not depend solely on technological advancements from the US and China. All of this must be driven by European founders, but they cannot make it happen without a strong funding ecosystem, which is why venture capital is so important.

“Tech-driven, scalable ideas create positive change.”

We monitor each investment’s impact by mapping the problem they’re trying to solve and finding out how they measure their success in solving it — and of course we then monitor the success of solving that problem. We have a few thematic focus areas that are based on the SDGs (such as 4,12, and 13), and we’re continuously learning more about them and figuring out how to best use tech-driven, scalable ideas to create positive change. The founders and their ideas should always be at the core, and the financial methods should adjust to the problems we want to solve.

“We can’t rely solely on pattern recognition anymore when assessing teams and ideas.”

Research also shows that diverse teams perform better. They allow for diversity of thought and perspectives, which leads to better decisions. This calls for a new type of thinking from all of us who have been part of this ecosystem for the past decade or two. The founders and teams solving big problems might not look like the ones who have built the success stories of the past decades. That’s why we as investors can’t rely solely on pattern recognition anymore when assessing teams and ideas.



Driving Positive Impact



European tech startups raised €53b in VC investment in 2023. A third (37%) was raised by impact startups that directly address one or more of the UN Sustainable Development Goals (SDGs).

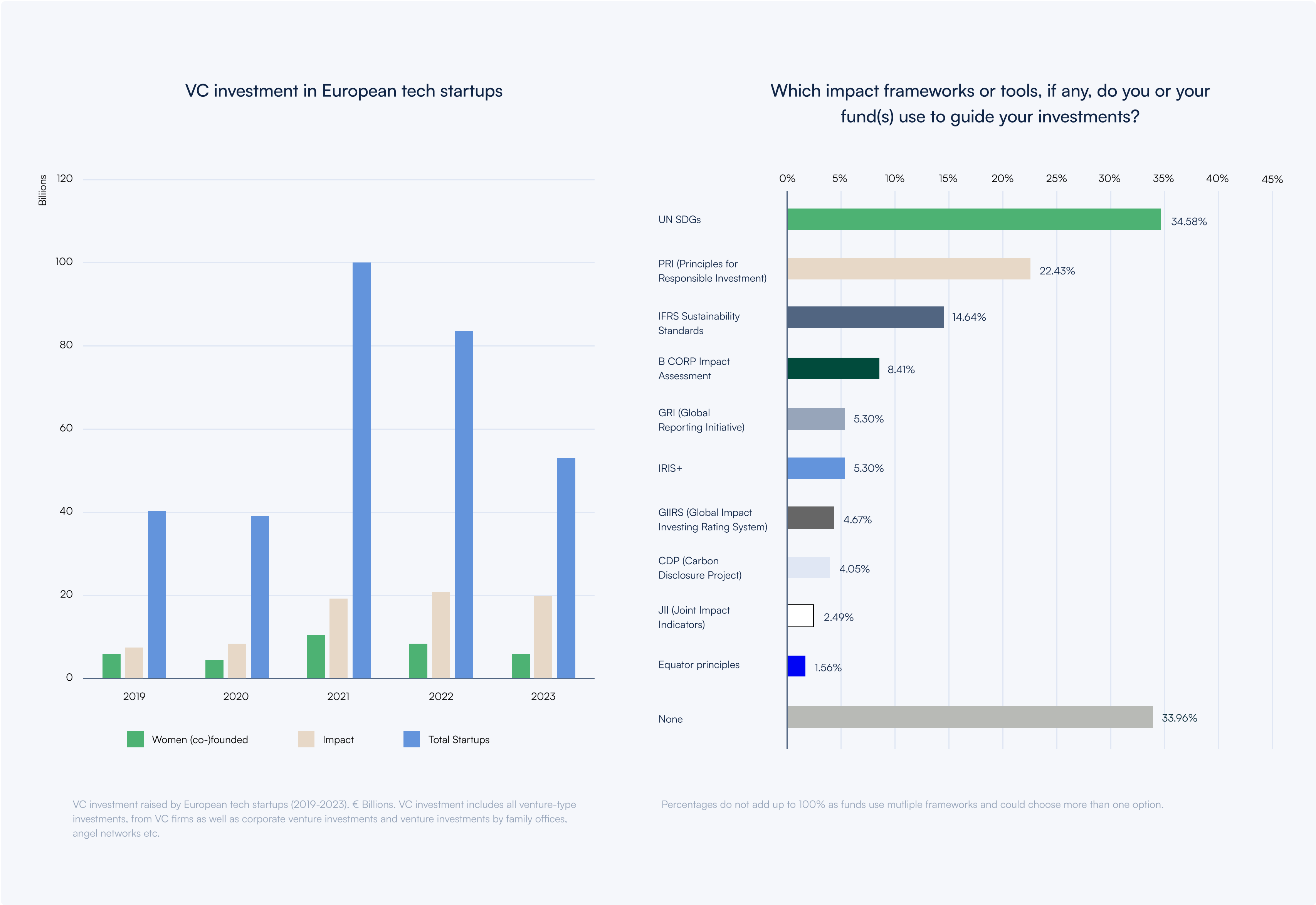
VCs and LPs are increasingly focused on making a positive social and environmental impact. According to our survey, one in three VCs and LPs use the UN’s Sustainable Development Goals (SDGs) to guide their investments.

Other commonly-used impact investing frameworks include the Principles for Responsible Investment (PRI) and the IFRS Sustainability Standards. 66% of VCs and LPs use some kind of impact investing framework, although 34% don’t use one at all.

This focus on positive impact is played out in investment data. Looking at the past five years, the share of total VC investment raised by European impact startups has more than doubled, from 18% in 2019 to 37% in 2023.

In 2023, European tech startups raised €53b in VC investment overall, down on the boom years of 2021-2022, but up 36% compared with 2020. Investment in women (co-)founded startups follows a similar trend, while investment in impact startups has seen steady growth.

Investment data from Dealroom



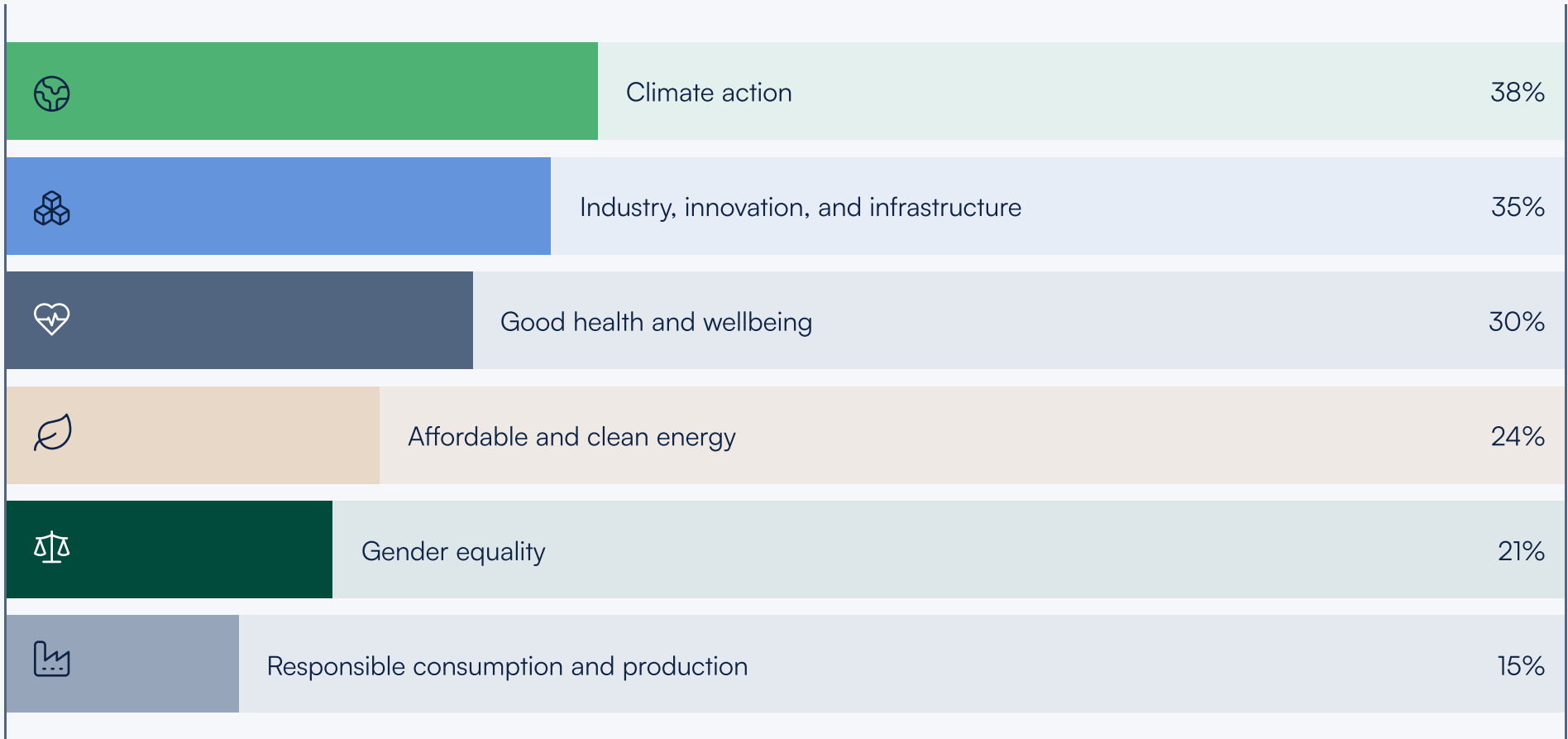
Out of the UN’s 17 Sustainable Development Goals, VCs and LPs prioritise those focused on climate, innovation, health, and gender equality. Only 13% don’t consider the SDGs at all in their investment decisions.

With the SDGs serving as a useful framework for many investors, VC investment is fuelling industries that improve our lives, including health and climate tech.

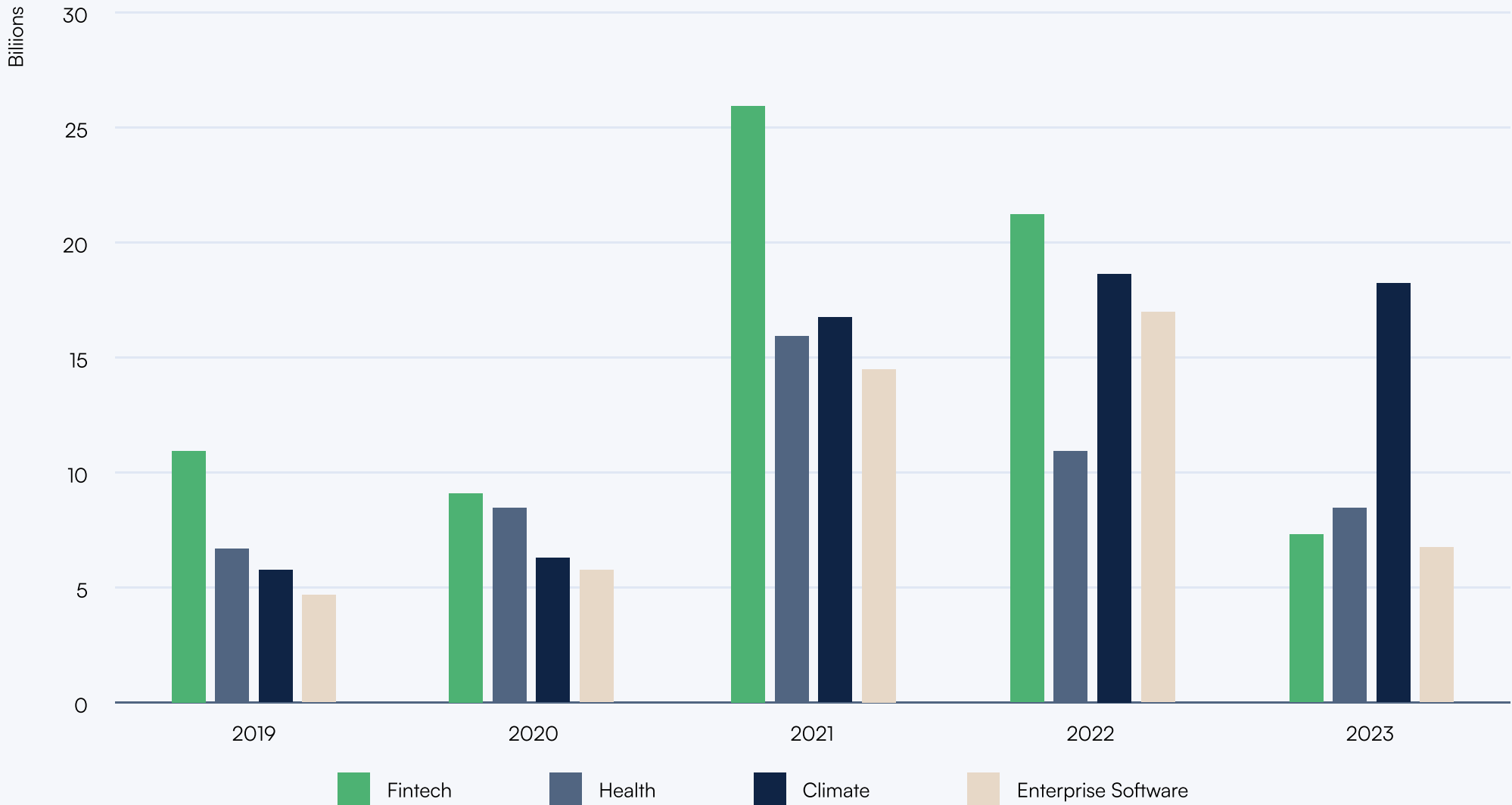
European climate tech startups raised €18.2b in 2023 and health tech startups raised €8.6b. VC investment in European climate tech startups has tripled since 2020 and sustained its growth in 2023, bucking the trend of overall VC investment.

While fintech plus SaaS funding outstripped climate and health investment five years ago, today the VC investment environment has changed. More investment in climate and health demonstrates the progress of positive impact startups.

Which of the sustainable development goals are a priority for you when making investment decisions?



VC investment raised by European tech startups by industry. € Billions.



Investment data from Dealroom

In the Nordics, the percentage of VC investment that flows to impact startups is around double that of any other European region.

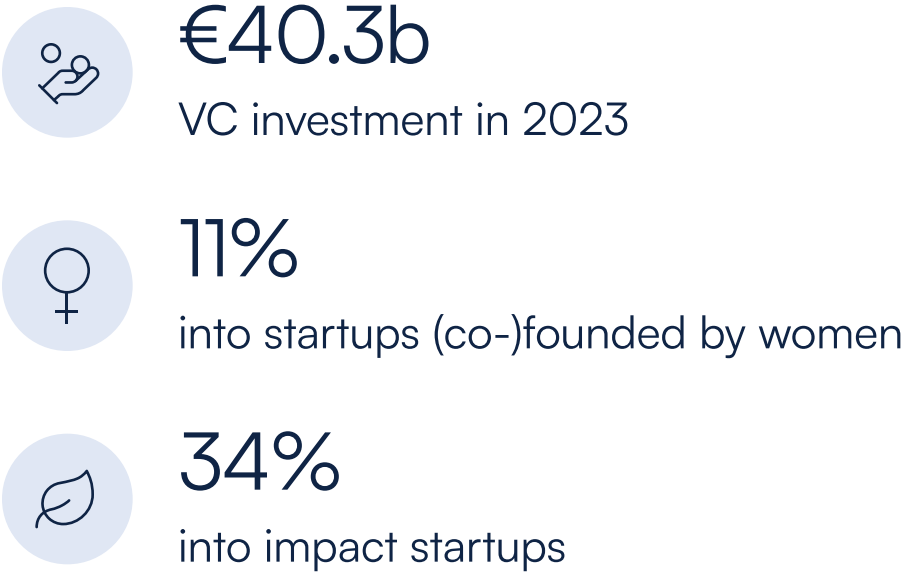
European tech startups raised €53b in VC investment overall in 2023. Of the €7.9b of VC investment that went into startups headquartered in the Nordics in 2023, 61% went into impact startups that directly address one or more of the UN SDGs.

The significant proportion of investment dedicated to impact startups still translates to a smaller total amount than Western Europe, where startups raised €40.3b in VC investment in 2023 and 34% went into impact startups.

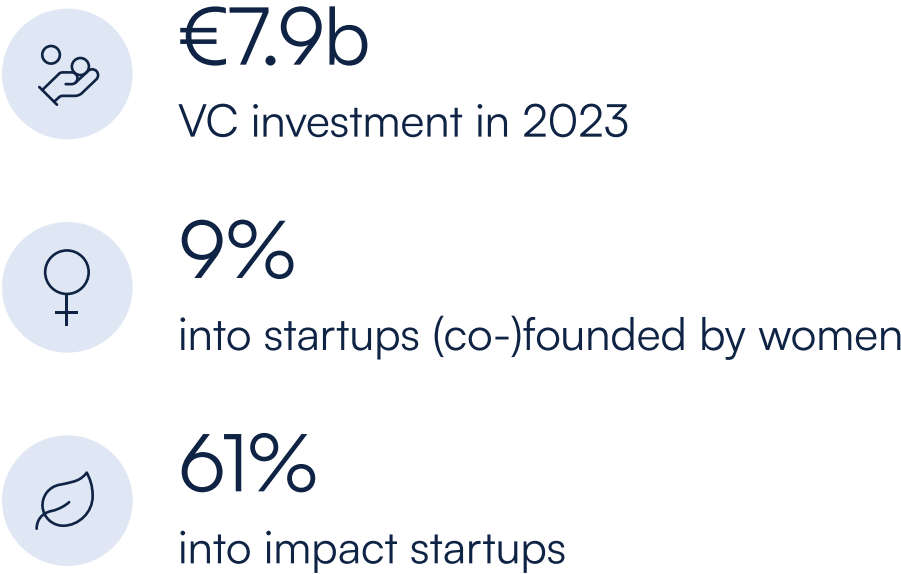
Still, by following the Nordics’ model and funnelling more investment into venture, we can unlock significant positive impact. According to Tesi, Nordic cleantech growth companies will need €15b in VC funding over the next five years to maintain previous growth. To tackle the world’s biggest challenges and seize the opportunities, more capital is needed both in the Nordics and across Europe.

Investment data from Dealroom

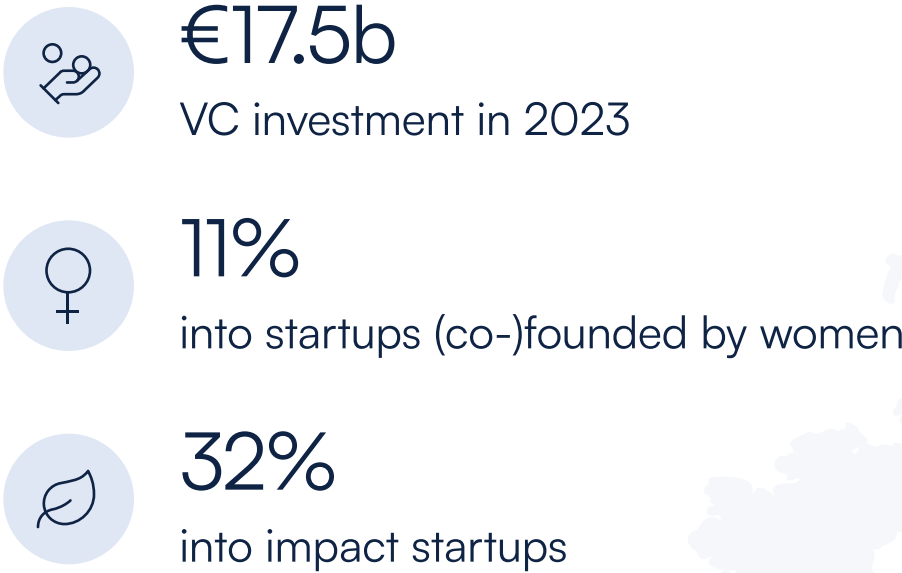
Western Europe



Nordics



UK



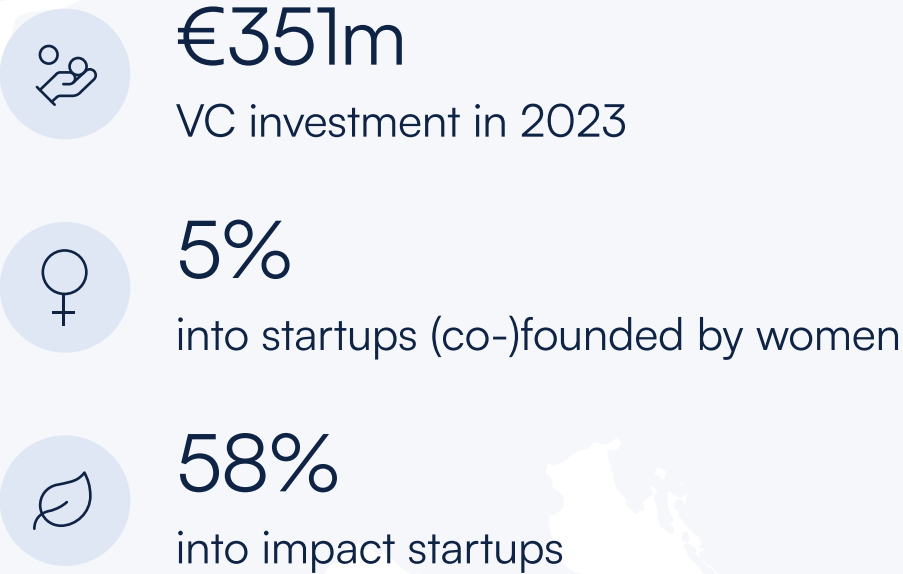
CEE



Southern Europe



Baltics

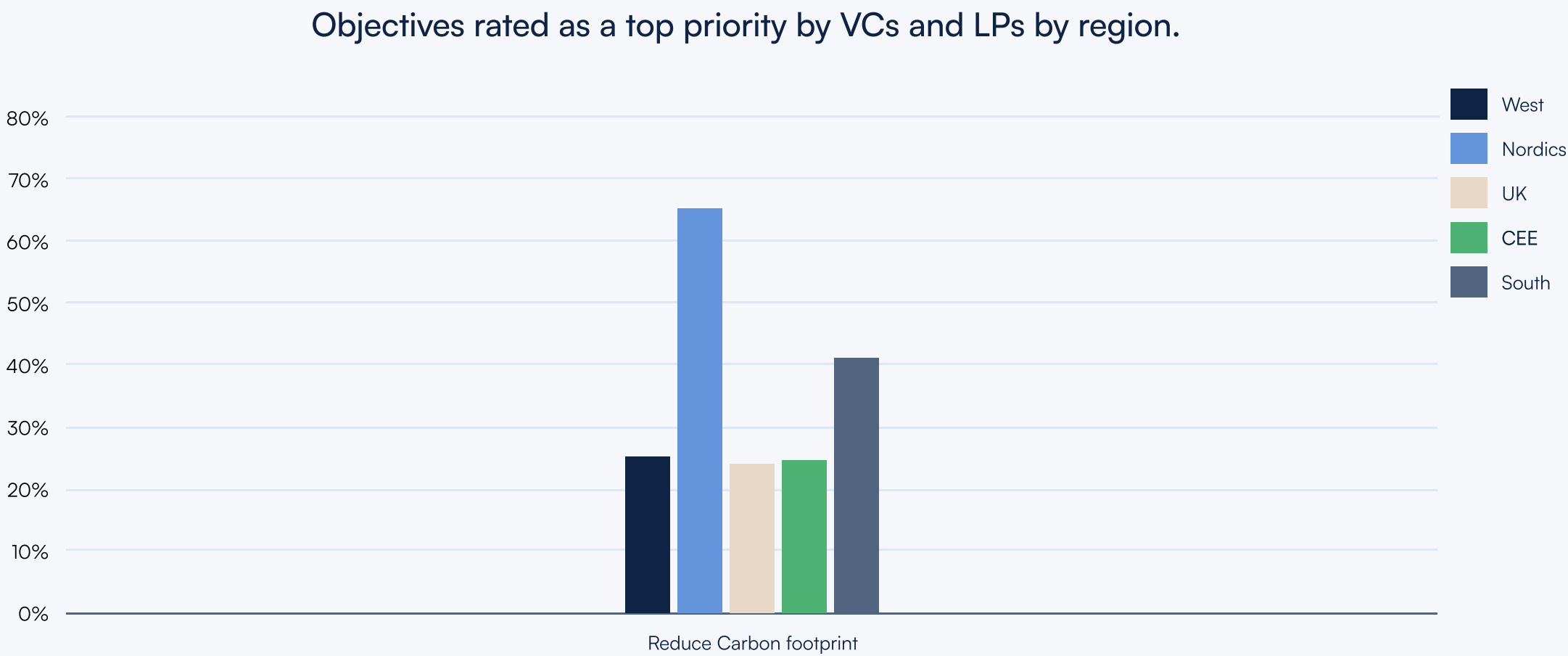
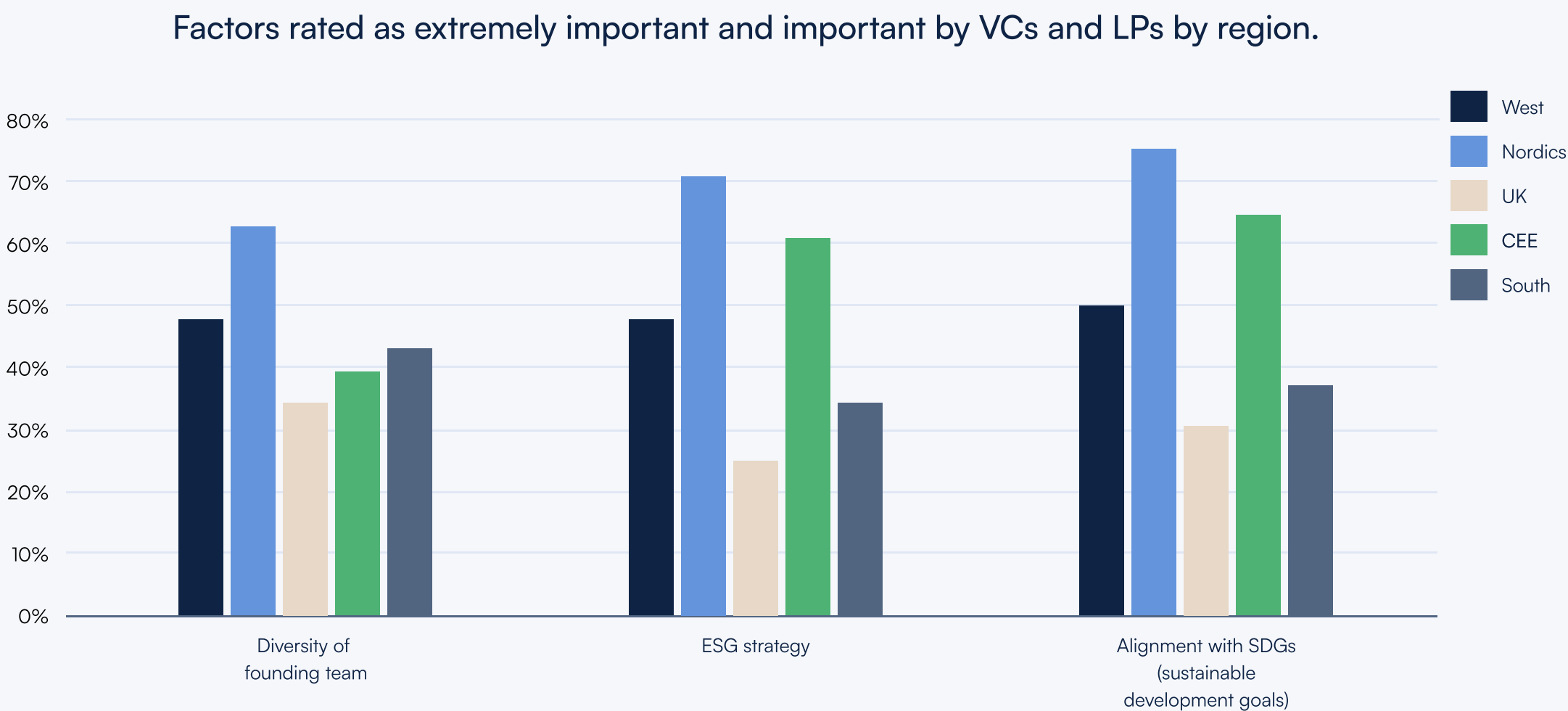


VCs and LPs in the Nordics prioritise the SDGs and environmental impact more than elsewhere in their investment decisions.

They’re also especially focused on investing in diverse teams and ESG strategies. 75% of VCs and LPs in the Nordics say alignment with SDGs is a crucial factor in their investment decisions, 71% say ESG strategy is key, while more than 62% say the diversity of the founding team is important or extremely important; larger percentages than any other region.

Here, Nordic VCs and LPs were asked about specific postivie impact factors rather than factors overall. Like elsewhere, VCs and LPs in the Nordics still prioritise team quality and returns first alongside positive impact.

When asked about their priority objectives when choosing an investment or a fund, 64% of VCs and LPs in the Nordics say reducing carbon footprint is a top priority.



Marjut Falkstedt

CEO, European Investment Fund (EIF)



Marjut is the CEO of European Investment Fund. The EIF, part of the EIB Group, is a specialist provider of risk-finance for the benefit of SMEs across Europe.

//

As we collectively race towards net zero, it is paramount that European founders have access to the financing they need to turn their research and ideas into viable business propositions. And one of the biggest challenges is attracting more private resources into the VC ecosystem in order to make that happen, because public resources alone will not suffice.

We need to work towards creating the necessary conditions to remove barriers for private investors and thus facilitate the allocation of their assets - at scale - in support of European innovators. We have a very rich human capital base right here in Europe that deserves our support - to deliver impact and at the same time solid financial returns.

Marjut Falkstedt

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[Read more about the EIF's focus on diversity and inclusion.](#)

Louis Taylor

CEO, British Business Bank

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Venture capital plays a pivotal role in fostering innovation, driving economic growth, and enhancing societal wellbeing.

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Louis Taylor

Louis is CEO of the [British Business Bank](#), a UK Government-owned economic development bank, helping thousands of businesses access the financial support they need.

“We need to address the lack of institutional investment into venture capital.”

The pandemic marked an extraordinary period for the global VC industry, as appetite for innovative technology-enabled investments drove transaction values to unprecedented levels. However, concerns about potential over-valuations and a lack of exit opportunities, as well as rising inflation and interest rates, led to a decline in deal numbers and valuations through 2022 and into 2023. These changing market conditions have encouraged venture managers to shift from the ‘growth at all costs’ to a more disciplined approach to cash management in their portfolio companies.

An opportunity to address this challenge, particularly in the UK, is by addressing the lack of institutional investment into venture capital. This would unlock billions of pounds of additional investment for the UK’s fastest growing and most innovative companies, while also enabling the UK’s pension savers to benefit from the value created by UK innovation. We’re already exploring further opportunities for this, for example the Long-term Investment for Technology and Science ([LIFTS](#)), which is expected to unlock over £1b of private capital, including DC pension scheme capital, supporting scaling UK science and technology companies.

“There are three pathways for enhancing diversity in VC firms.”

Last year, we published the [Finding What Works Report](#), providing three clear, actionable, and evidence-based pathways for UK funds to improve diversity in venture capital investment:

1. Diversity at the top, particularly among key decision makers including the Investment Committee.
2. inclusion in the investment pipeline. Seeking out diverse founding teams and investment opportunities in various ways.
3. Transparency and accountability, in measuring, delivering, and sharing progress.

Increasingly, private sector investors are developing investment strategies focused on reaching diverse founders, and we encourage these firms to apply for support from the Bank’s equity programmes. Through the [Enterprise Capital Funds programme](#), the Bank has made a cornerstone investment in Ada Ventures’ £27m fund, which focuses on investing in overlooked founders who are building companies that focus on diverse customer groups.

We also manage the VC arm of the [Investing in Women Code](#), through which VCs share data and best practice on how their investments reach women. The code now has 204 signatories and British Patient Capital recently signed the Code as the largest LP to do so.

“We have a track record of investing in small businesses who scale emissions-reducing technologies.”

Our four strategic objectives include ‘Building a Modern Green Economy’, which involves developing innovative low carbon business models that are less polluting and damaging to the natural environment. Plus British Patient Capital, our investment arm, is already increasingly investing in funds that have climate change and other green economy activity as part of their strategy.

In the context of Europe’s ambitious goals for digital transformation and sustainable development, venture capital investment is instrumental in driving progress towards these objectives, fostering a competitive ecosystem that empowers businesses to tackle global challenges.



Dr Hermann Hauser CBE

Co-Founder, Amadeus Capital Partners



Dr Hermann Hauser CBE

// —————
Venture capital is the only institution with the sector knowledge to fund breakthroughs in AI.
————— //

Hermann co-founded Amadeus Capital Partners in 1997 with Anne Glover. He has founded and invested in multiple technology companies including Acorn, ARM, Solexa, which was bought by Illumina, CSR, Graphcore, and Photonic. Hermann sits on the board of the European Innovation Council. He holds an MA in Physics from Vienna University and a PhD in Physics from the University of Cambridge.

“VCs translate ideas into products faster and help nations become wealthier.”

If Europe doesn’t have a well-functioning venture industry, we will fall behind. GPT is just over a year old and adoption has been unbelievable. In biology, CRISPR was a Nobel Prize winning breakthrough in 2020 and now everybody’s using it.

Bringing breakthrough technologies to market used to be a slow process. With AI, the timescale from a breakthrough idea to a product or service in the market has shrunk, and the only institution that has the sector knowledge required to fund these breakthroughs is venture capital.

“We’re looking to develop ecosystems across Europe.”

We consider SDGs when making investments. The European Innovation Council also has specific SDG and diversity targets and a strong emphasis on widening countries. We’re looking to develop the ecosystems in countries like Bulgaria, Hungary, Poland, and Romania.

“Getting pension funds to invest is crucial.”

We’ve made a big effort to bring pension funds into the VC community. In the UK, pension funds have become so conservative that the only thing they’ve invested in are government bonds. The statistics are staggering. Pension funds used to fund 39% of the UK stock market in 2000 and now it’s just 4%. Getting pension funds to invest in the UK economy, and changing legislation so they can take these risks, is crucial.



Marie Campagne

Head of Grow with SAP for Scaleups EMEA



Marie Campagne

“As the leader of SAP’s GROW with SAP for scaleups in EMEA, how does venture capital impact innovation across sectors like health, sustainability, and job creation in Europe? ”

So much to say on a small page! Venture capital (VC) plays a pivotal role in driving innovation and fostering positive change across diverse sectors in Europe. Venture capitalists serve as the curators for technologies that have the potential to shape our future—a responsibility that shouldn't be taken lightly.

In my experience working with our clients, particularly in areas like e-mobility, food and health technologies, we've witnessed remarkable advancements. Companies tackling challenges in mobility, gigafactories, and food tech are not only addressing Europe's pressing issues but also making a global impact. It's crucial to recognize that many of these groundbreaking ventures rely on VC investments to navigate the challenging research and development phase.

VC investment clearly correlates with job creation, as strong investors provide the necessary runway for European startups. This leads to job opportunities and economic growth. We are seeing this dynamic play out vividly in emerging tech ecosystems like Italy, following the lead from France and Spain, highlighting the transformative power of VC in driving prosperity and innovation.

“What role does GROW with SAP for scaleups play in this ecosystem?”

Behind every successful startup, there's a complex ecosystem of founders, companies, VCs, and infrastructure working together to facilitate growth and scalability. This is where our team plays a vital role —as a trusted partner for companies seeking to scale and make a lasting impact. Leveraging SAP’s extensive reach, (not to mention serving 440,000 customers in over 180 countries), we provide startups with the tools, resources, and network they need to scale effectively.

We’re dedicated to fostering growth, which furthers our mission to build a more resilient ecosystem and ensure technological sovereignty in Europe. Through our GROW with SAP for scaleups program, we support growth scaleups as they navigate challenges to achieve sustainable growth. We see this as one way we can help foster a resilient, innovative, and inclusive European technology landscape.

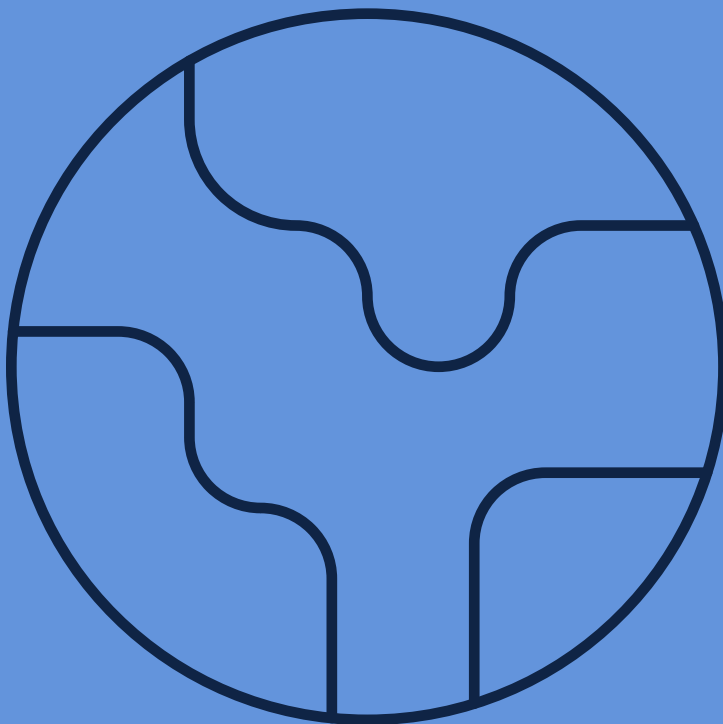
What are you most excited about for the future of the startup ecosystem in Europe?

I'm most excited about Europe's diversity. This rich mix of cultures and perspectives drives innovation and collaboration across borders. It positions Europe to achieve technological sovereignty, as its startups develop groundbreaking technologies and sustainable solutions. Embracing this diversity will lead to impactful advancements, strengthening Europe's role in global tech.

Specifically interviewed scaleup and VC/PE-backed companies reported that SAP Cloud ERP solutions provide the following benefits:

- Opportunities to leverage operational data that positively affects business decisions and outcomes through timely and actionable data use
- Improves the operational efficiency of lines-of-business teams by establishing a common business platform, minimizing delays and errors, and providing data-driven insights for daily activities
- Achieves better business results by scaling to meet customer demand and providing higher-quality and timely products and services
- Increases profitability by increasing revenue and operating more efficiently

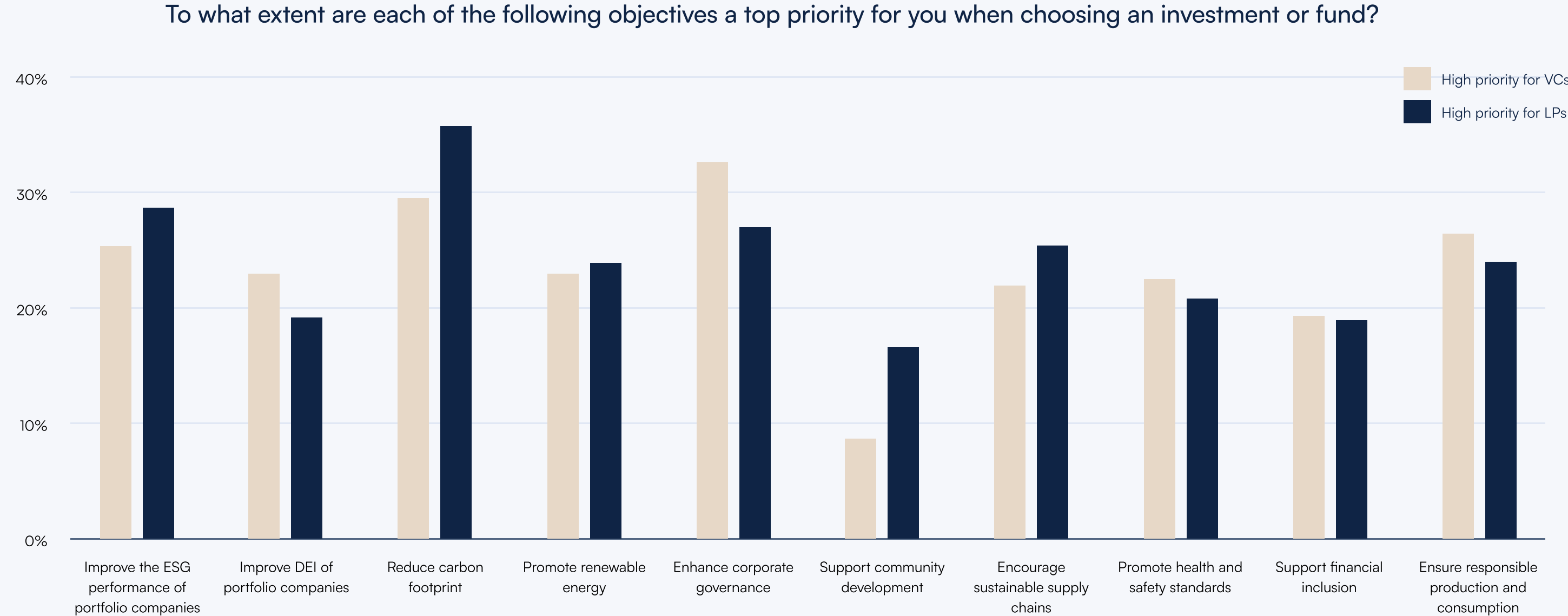
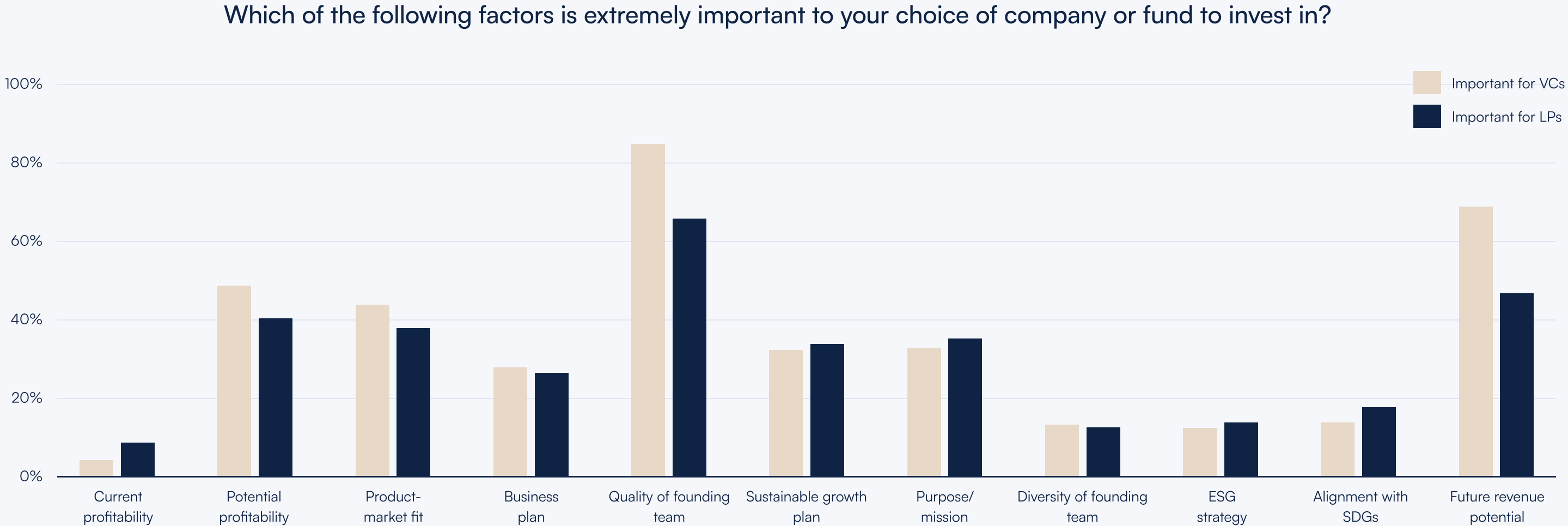
LP Motivations



LPs — including pension funds, family offices, single LPs, and other institutional investors — are especially motivated by climate action in their investment decisions.

The most important factors in investment decisions of LPs, are the quality of the team they’re investing in and future revenue potential. 66% of LPs, and 85% of VCs, say the quality of the founding team of the startups or funds they invest in is extremely important.

At the same time, one in three LPs say reducing carbon footprint is a top priority when choosing a fund to invest in. Plus, improving the ESG performance of the companies or funds they’re invested in is considered a top priority by 28% of LPs.

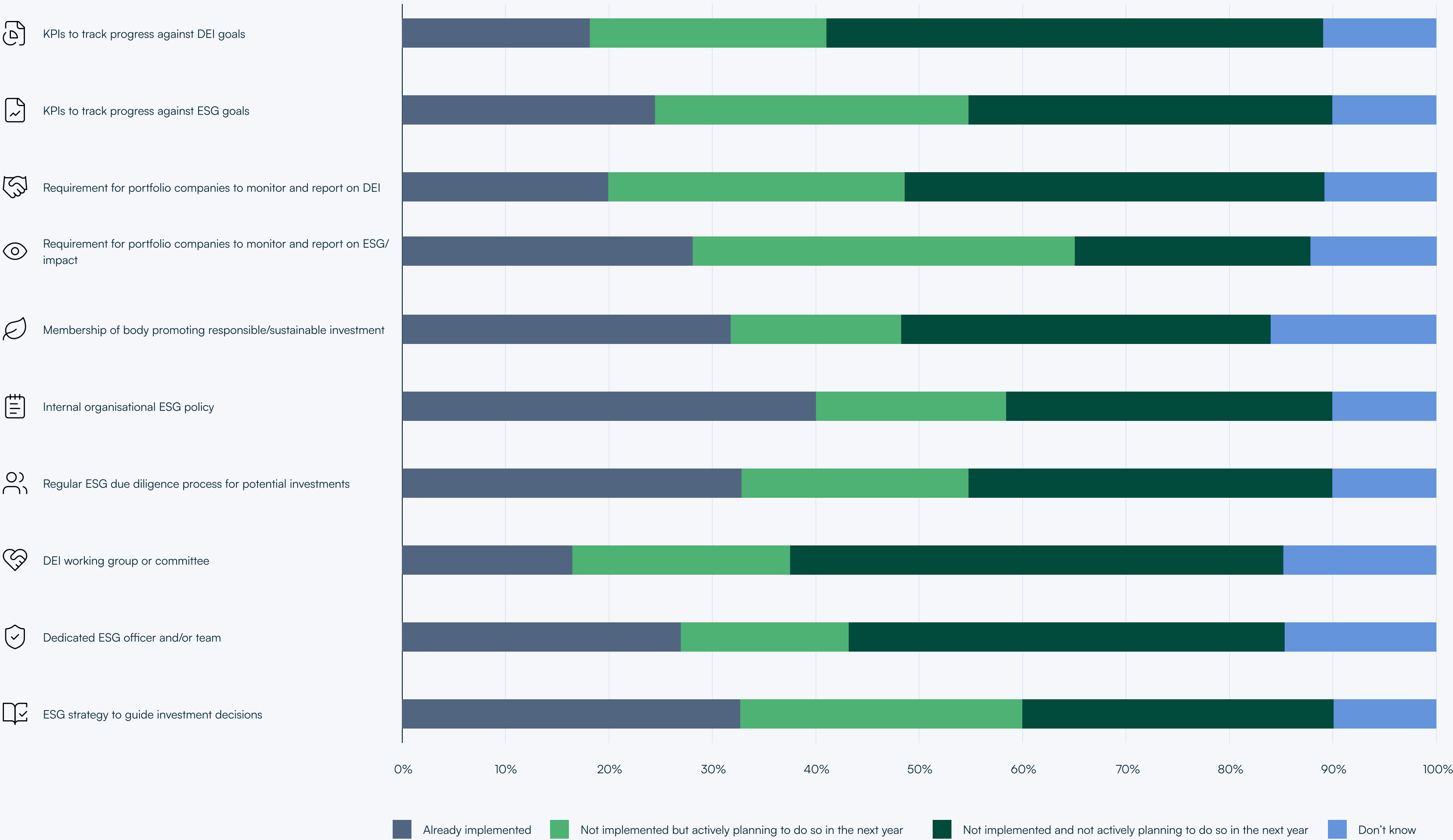


LPs are ramping up their ESG tracking and policy implementation.

60% of LPs we surveyed have implemented an ESG strategy to guide their investment decisions, or plan to do so in the next year. 65% already require their portfolio companies and funds to report on ESG, or plan to in the next year.

Still, there is a lack of clear, universal ESG frameworks, making ESG tracking and reporting a challenge, especially for small VC funds. We believe that there’s a significant opportunity for Europe to lead in developing a common ESG policy and framework.

Which of these initiatives have you implemented or plan to implement in the next year? (LPs)



Voices of Limited Partners engaged in the European VC ecosystem

For LPs, barriers to supporting venture capital vary by geography and many are tax-related.

We asked LPs: What legal, regulatory or policy barriers, if any, prevent you from supporting venture capital or investing in a VC fund of funds?

VC is still a small asset class in Europe yet an impactful one. We aim to encourage more asset allocation to venture. To do so, we need to listen to the LPs and where they see barriers, and work with ecosystems to remove those barriers.

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“Not enough incentive to take the risk from a fiscal standpoint.”

“No tax write-offs benefits in my country like the ones in the UK.”

“Risk of non-compliance with cross-border regulations.”

“Financial regulation and controls, for example, on Article 8 and Article 9 funds.”

“Solvency II regulation, meaning high capital charge for equity investments.”

“Mainly competitive reasonings or internal regulations, like potential IP conflicts.”

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Alex Getty

Getty Family Office



// For impact and returns, you’d be foolish not to look at venture investments. //

Alex is building his family office’s next gen programme and advises on its climate investment portfolio. The Getty family have made a commitment to be leaders in combating global warming and 100% of their old (fossil fuel) energy portfolio is allocated to private markets, mostly VC, particularly focused on energy infrastructure and renewable energy.

“We’ve turned our previously existing fossil fuel venture portfolio into an impact portfolio.”

We set up the family office in the 1980s and started getting into venture in the mid 1990s. Previously, we were an oil family. Since 2019, we’ve gone from ‘old energy to new energy’, turning a fossil fuel portfolio into an impact and sustainability portfolio investing in 15 fund managers and growing.

In the past two years, our sustainable venture investments have done very well and tracked higher than our fossil fuel portfolio. New money has gone into the space and sustainability investment has been legitimised as an asset class. We’re now expanding into water, agritech, and waste-to-energy. We just made our first investment in a waste-to-energy company and I’m working to increase our exposure to markets in Europe and the Middle East.

“The primary reason we’re in venture is to make a difference.”

When we first got into venture, we were happy to wait for 10 years for outsized returns. Now, the returns are better and are realised sooner, but that’s just a byproduct. Investing in impact-driven venture capital isn’t an option anymore; it’s a necessity. It’s imperative that the money goes in now, but also from a returns standpoint, you’d be foolish not to look at these investments. The risk isn’t the new money you invest in VC funds, but the fact that the investments we considered great investments in the past 10 years — fossil fuels, oil and gas — will be forced to change.

“We look for diversity in all the funds we work with.”

We mainly choose funds through our relationship with Cambridge Associates, CREO, and the network we’ve built up over the years. When choosing funds, we are beginning to look at the diversity of the team and the fund managers. As the younger members of my family become more active, this is becoming increasingly more important.

“We’re derisking direct investments and educating family members at the same time.”

I’m part of the fifth generation of my family, we’ll soon be the largest cohort in our office, and we started direct investment last year, primarily for education. Sourcing deals from our existing portfolios, co-investing with those funds, and having the next generation lead those investments is a great learning opportunity. We designed this as a de-risked way of deploying more capital into the top performing companies.



FOUNDERS
FORUM
GROUP

"Venture capital is critical for the development of vibrant startup ecosystems across Europe and disruptive new technologies and ideas that transform societies for the better. Institutions that don't back venture miss out on the opportunity to drive Europe's development, effect real change, and make outsized returns."

Brent Hoberman

Founders Forum Group, Founders Factory, firstminute capital



**FUND OF
FUNDS**

FUND MANAGER OF
FINANCIAL INSTRUMENTS
IN BULGARIA

"As an institutional investor, our goal is to support riskier projects and facilitate the attraction of private capital by public capital. I would say that VC capital is the catalyst of the new world, where bright ideas come from bright minds."

Viktoriya Hristova

Fund of Funds in Bulgaria



VC + ESG

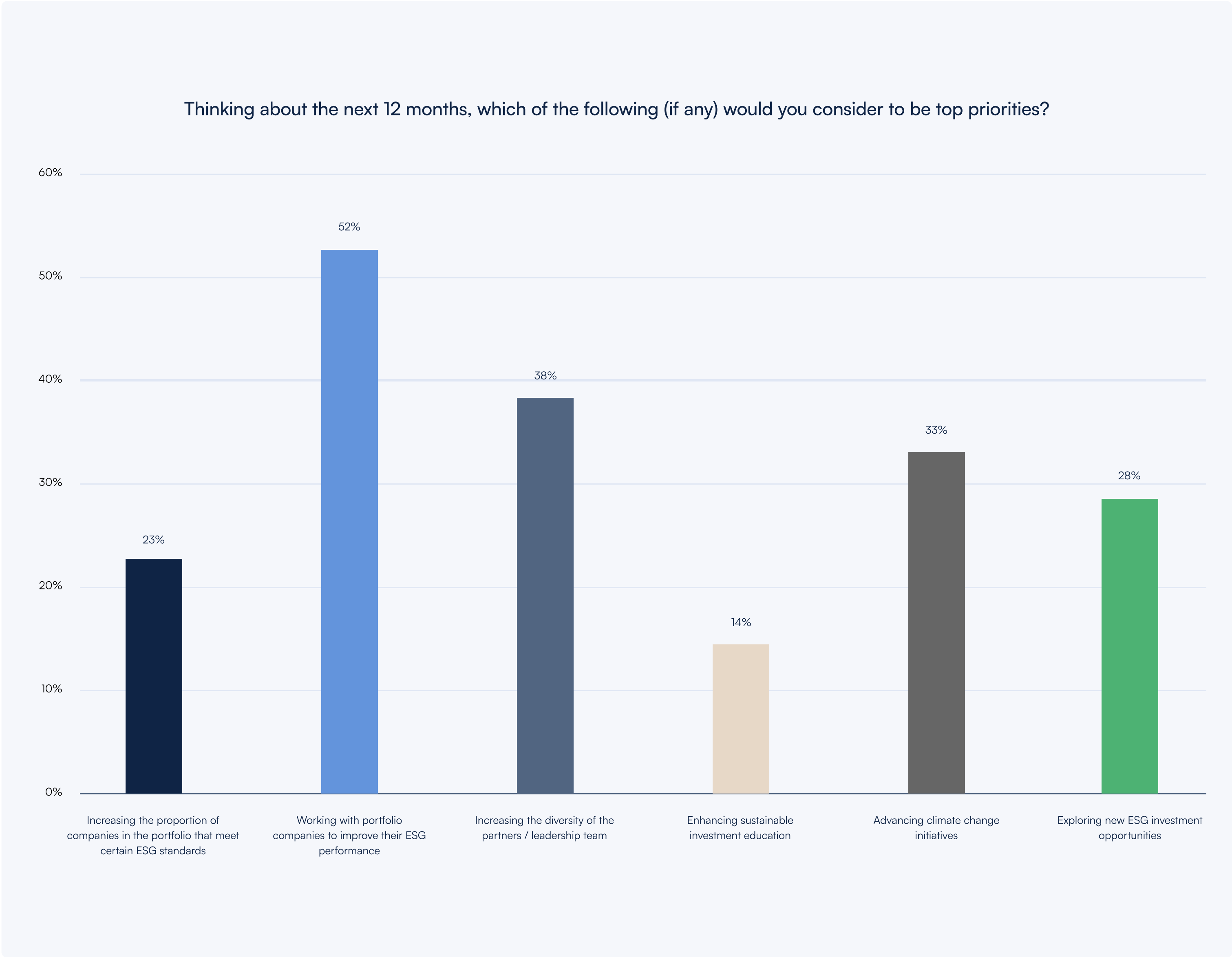
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European VCs are implementing ESG policies and tracking the ESG performance of their portfolio companies, as ESG has become a top priority.

One in two VCs we surveyed say improving the ESG performance of their portfolio companies is a top priority for the next 12 months. 28% of VCs plan to explore new ESG investment opportunities and 23% plan to increase the proportion of companies in their portfolio that meet certain ESG standards.

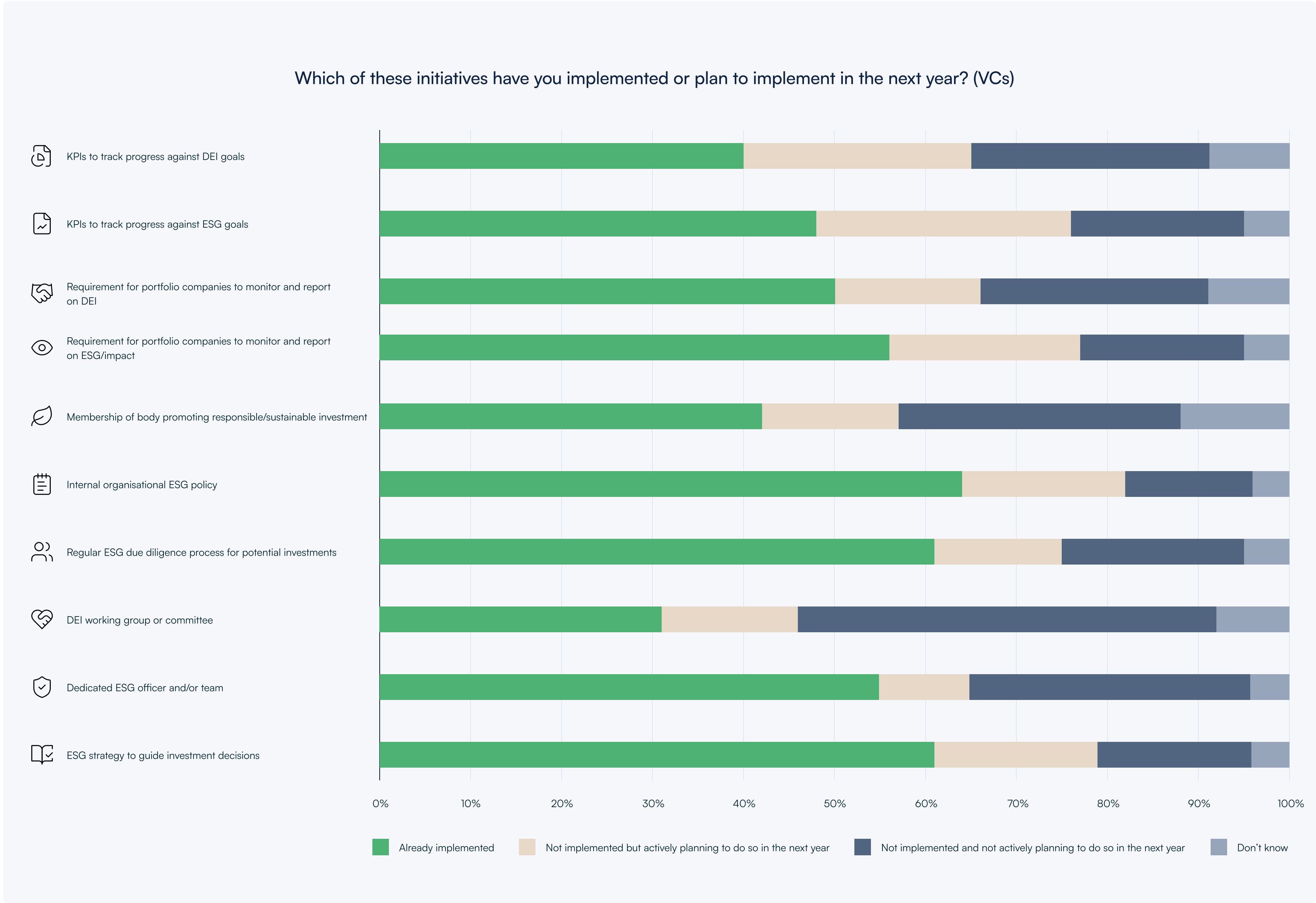
Additionally, 38% say increasing the diversity of their partners, and 33% say advancing climate change initiatives, is a top priority.



82% of VCs we surveyed have already implemented an internal ESG policy, or plan to do so in the next year.

79% have implemented an ESG strategy to guide their investment decisions or plan to do so in the next year, and 77% require their portfolio companies to report on ESG or plan to do so in the next year. 65% of VCs have already implemented a dedicated ESG officer and/or team, or plan to do so in the next year.

Additionally, the majority of VCs have already implemented or plan to implement KPIs to track progress against DEI goals and requirements for portfolio companies to report on DEI, although less than half have set up a DEI working group or committee.



Paul Donovan

Chief Economist, UBS Global Wealth Management

// Institutional investors need to be confident that the money they're investing is being used in a way that's socially and environmentally appropriate.

//



Paul Donovan
Chief Economist

Paul is Chief Economist of [UBS Global Wealth Management](#). He sits on the House View Investment Forum, and is a UBS Opinion Leader and a member of UBS Pride and the UBS Art Board. He is also a Fellow of the UBS Sustainability and Impact Institute.

“Venture capital helps to ensure that money goes to the best ideas.”

The global economy is going through a period of rapid structural change. These periods offer enormous opportunities, as technologies unlock new and more efficient ways of producing existing goods and services as well as creating previously unimagined products. However, the invocation in these periods tends to come from smaller businesses, often startups. These businesses need capital to reach their potential, and venture capital is an especially important source.

Some entrepreneurs can rely on their own capital or borrow from family members, but innovation is meritocratic not plutocratic. Venture capital helps to ensure that money goes to the best ideas, and not just to ideas coming from entrepreneurs with more financially secure backgrounds.

“Investors want access to the more dynamic smaller business sector.”

There is some natural momentum behind a move from institutional investors into private capital in its various forms. Investors want access to the more dynamic smaller business sector. At the same time, many institutional investors are under increased pressure from the underlying capital holders to meet certain standards for ESG principles. That means that institutional investors need to be confident that the money they are investing is being used in a way that

is socially and environmentally appropriate. In the modern world of social media, the brand damage to the underlying investor and the institutional investor of an inappropriate capital placement could be significant. Good quality transparency is a must.

“The ongoing challenge for both impact and diversity investing is the lack of good quality data.”

Sustainability criteria can often conflict, and in the area of diversity data can be difficult to gather. Any investor also needs to consider the difference between a culture of diversity and inclusion (which is likely to improve returns over time) and a box-checking exercise aimed at meeting numerical targets rather than achieving a genuine level of diversity.

One of the advantages the venture capital industry has is that they are likely to have relatively intimate knowledge of the firms in which they invest. By definition, venture capital needs a very detailed understanding of the culture and structures of the businesses it is choosing to partner with.

This means that as long as a venture capitalist has a good understanding of the economic and social benefits of diversity and impact, they should be able to develop a clear understanding of how their investment recipients are performing without necessarily relying on narrow, numerical targets.



Supporting European Venture Capital

[UBS Next](#), the bank's venture and innovation unit, partners with teams to build strategic options today that will ensure UBS remains competitive in the future. It has its own incubator and fintech fund for early-stage fintech founders, including those in the [UBS Female Founder](#) programme who are considered for investment opportunities.

For social entrepreneurs, [UBS Global Visionaries](#) programme supports innovative ideators who are testing and developing new solutions to move the needle on the UN's SDGs.

In the [Project Female Founder](#) global, annual accelerator, UBS invites venture capitalists, crowdfunders, private investors, lawyers and others to share their guidance with women founders.

UBS' global awards program, [UBS Female Founder Award](#), is in its fourth year and a large proportion of those involved have achieved significant funding. Two previous winners have been from Europe.

Alongside these initiatives, UBS is dedicated to building a dynamic ecosystem for entrepreneurs, venture capitalists, the next generation, and other key stakeholders. UBS facilitates connections among like-minded peers and experts worldwide who share a passion for success and innovation through its [curated networks](#).



Emma Wheeler
Head, Women's Wealth



Vishakha Rajput
Head, Entrepreneurs



bpifrance

“We strongly believe in the role that financial institutions have in promoting investments in climate technology, life sciences, and health tech, as well as encouraging management companies to continuously improve their analysis of ESG issues to help them to make better decisions. As an LP, we are encouraged to see these topics increasingly becoming top of mind for VCs. When deciding to commit to VC funds, we look closely at their ESG policies and the gender composition of their teams. Gender balance at all levels of the funding echelon is essential to accelerate the emergence of the innovative solutions and companies that are going to drive Europe’s economy and mitigate climate change.”

Adeline Lemaire
Bpifrance



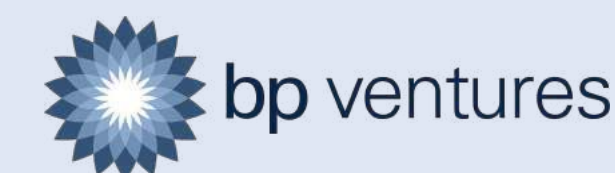
“Greece has managed to be in the forefront of the EU Venture Capital ecosystem. Developments streamlined by the Hellenic Republic’s strategy and HDBI’s policies and execution have attracted prestigious institutional and renowned private investors’ funds into the ecosystem. The implementation of best practices has brought governance and transparency at par with all major developed countries and has set the foundations for Greek institutional and private long-term investors to be mobilised and show their trust in the domestic Venture Capital / Private Equity funds.”

“The companies that are being identified by the domestic and international fund management teams actively investing in Greece may in the future materialise into the next unicorns and other success stories Greece’s thriving ecosystem has produced.”

Antigoni Lymperopoulou
HDBI

Kevin Rodrigues

Head of Europe, bp Ventures



Local innovation, backed by venture capital, can create low-carbon, secure energy supply chains and foster new businesses and economic opportunities.



Kevin is Head of Europe at bp Ventures, leading a team of investment professionals and overseeing all portfolio activity within Europe at the corporate venture capital arm of UK oil and gas producer, BP.

“bp’s ambition is to be a net zero company by 2050 or sooner and to help the world get to net zero.”

As part of this, we have laid out a strategy to transform to an integrated energy company (IEC). On this journey, we aim to grow the share of our capital expenditure allocated into our lower carbon and other transition businesses, or ‘transition growth engines’, to 50% in 2030.

These growth engines - bioenergy, convenience, electric vehicle (EV) charging, renewables & power, and hydrogen — form the core of our strategy to perform whilst transforming to an IEC. The growth engines also require significant innovation to develop cost effective and reliable energy solutions for the future, and venturing plays a key role in reducing costs and accelerating scale.

IEA analysis outlines that whilst technologies required for CO2 reductions to 2030 can come from

commercially available technologies, the CO2 reductions required by 2050 come from technologies which currently are only available at prototype or demo phase, rather than commercially available. To unlock these solutions, bp Ventures works to invest in innovative technologies and visionary founders to help revolutionise the energy sector.

bp Ventures is currently investing in its fifth fund, where over 90% the fund’s capital deployment is planned to be focused in and around the transition growth engines and explore areas, with 10% focused on supporting our operations.

“While we operate globally, Europe is a key market for bp, where we actively implement and look to deliver on our strategy.”

bp’s 2023 Energy Outlook highlighted a global shift towards locally produced energy to support energy security. Local innovation, backed by venture capital, can create low-carbon, secure energy supply chains and foster new businesses and economic opportunities, providing access to bp’s deep and global network wherever founders are operating.

bp Ventures works with several European portfolio companies who can support this value creation. For example, our Energy Outlook highlights that as the European energy mix shifts to electrification with growth in solar and wind, complimentary solutions will be required to provide flexibility in the energy system. Our portfolio company Phelas — a long duration energy storage solution provider — could play an important role here. Eavor, our geothermal portfolio company, is also in action delivering their world first project in Germany.

“One of our aims is for greater diversity, equity and inclusion for our workforce, customers, and suppliers.”

At bp we are guided by our sustainability frame which aims to drive value for bp and our stakeholders. Within this frame, one of our aims is for greater diversity, equity and inclusion for our workforce, customers and suppliers.

We are proud of our own diversity progress, with over 40% female representation, including at Managing Partner level within our team. As with our investment approach, we aim to lead by example and drive change in the sectors in which we work. We’re excited to collaborate with the European Women in Venture Capital team to support female and minority startups and investors in the sector.



“Venture capital provides the foundation of a secure and prosperous future. Nowadays, the most impactful global problems are solved when ambitious founders and investors come together, whether in climate, security, manufacturing, supply chain, or health. At the NATO Innovation Fund, we strongly believe that deep tech venture capital will solve some of our nations' biggest challenges, shaping the future for all our citizens.”

Kelly Chen
NATO Innovation Fund



techleap

“This report is testament to the important role of venture capital in driving innovation by backing the most exciting new tech companies, as they scale. Investors who seek outsized financial returns and also value impact on climate change, the food transition, alternative energy, breakthroughs in health care, the future of compute, you name it, should allocate more capital to the VC asset class. When investing, also be aware of diversity! Research shows that VC funds managed by more diverse teams show a higher annual IRR due to more balanced decision-making and a greater awareness of investment opportunities.”

Constantijn Van Oranje-Nassau
Techleap



“In the push to shift mobility toward climate neutrality, we impact investors are a driving force. In addition, we continually push for gender parity in our portfolio. We have reached 44% women-led companies and recognise there is more to do. Impact must be considered holistically, not only in companies and products but also people. In doing so, we bid to promote the upward mobility of women in this space.”

Fredrik Hanell
EIT Urban Mobility

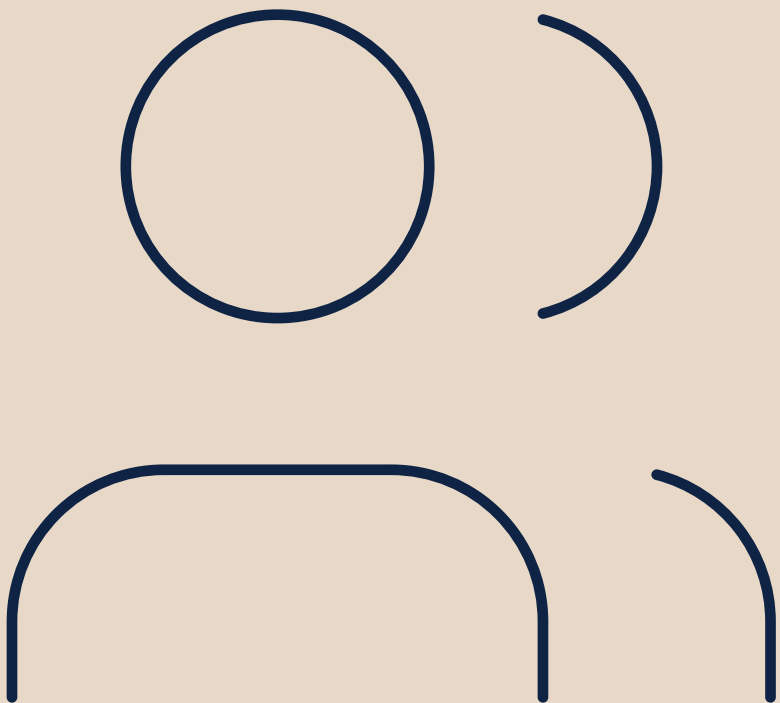


“VCs not only provide capital but also offer strategic support to founders, guidance on governance, and industry connections that can lead to development of disruptive technologies, outsized returns, and overall economic development. Through Kría — Iceland Ventures, the Icelandic government is investing in VC as a catalyst to spur further innovation and the broader development of the ecosystem. This includes advocating for more diversity in venture; notably, Iceland's female-to-male GP ratio in venture capital is nearly 50:50.”

Saemundur (Saemi) Finnbogason
Kria - Iceland Ventures

Diversity in Venture Capital

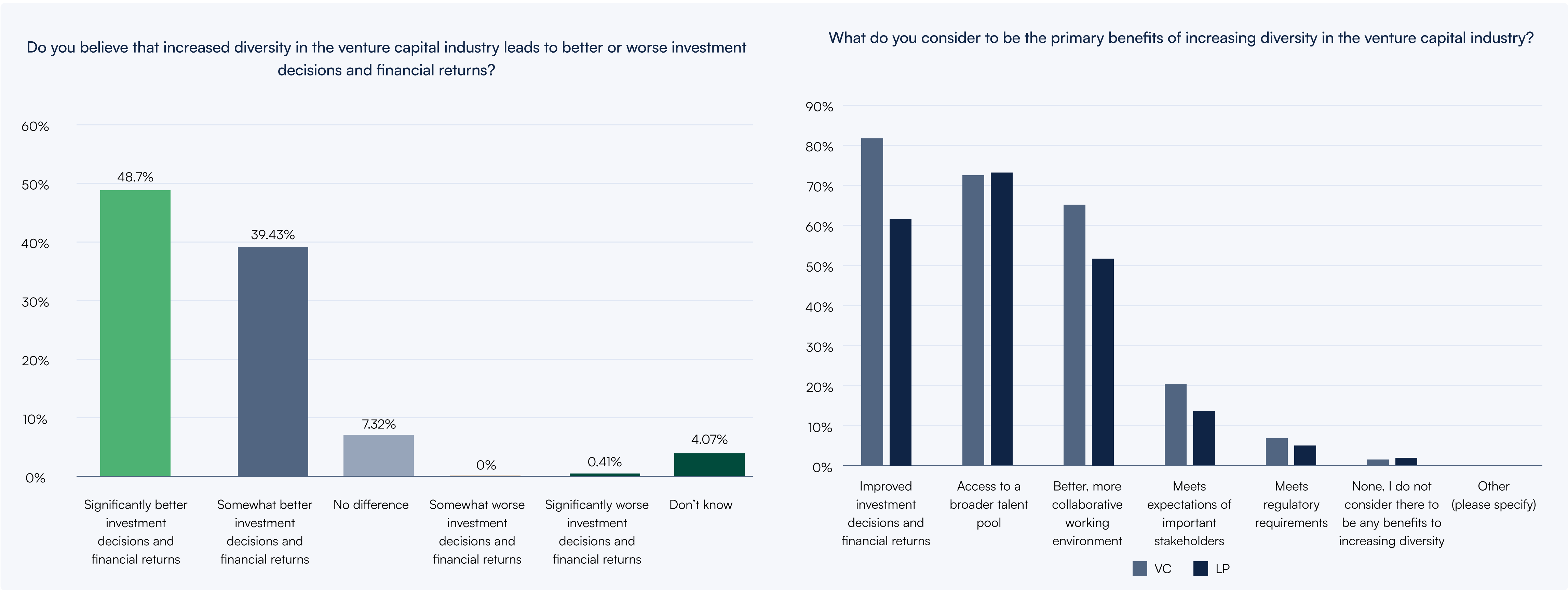
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There is a strongly held belief across the venture ecosystem that more diversity means better investment decisions and financial returns.

87% of the VCs and LPs we surveyed say that increased diversity in venture capital leads to better investment decisions and financial returns. One in two believe that increased diversity in VC leads to significantly better investment decisions and financial returns.

Other primary benefits of increasing diversity noted by VCs and LPs include access to a wider talent pool and a better, more collaborative working environment.



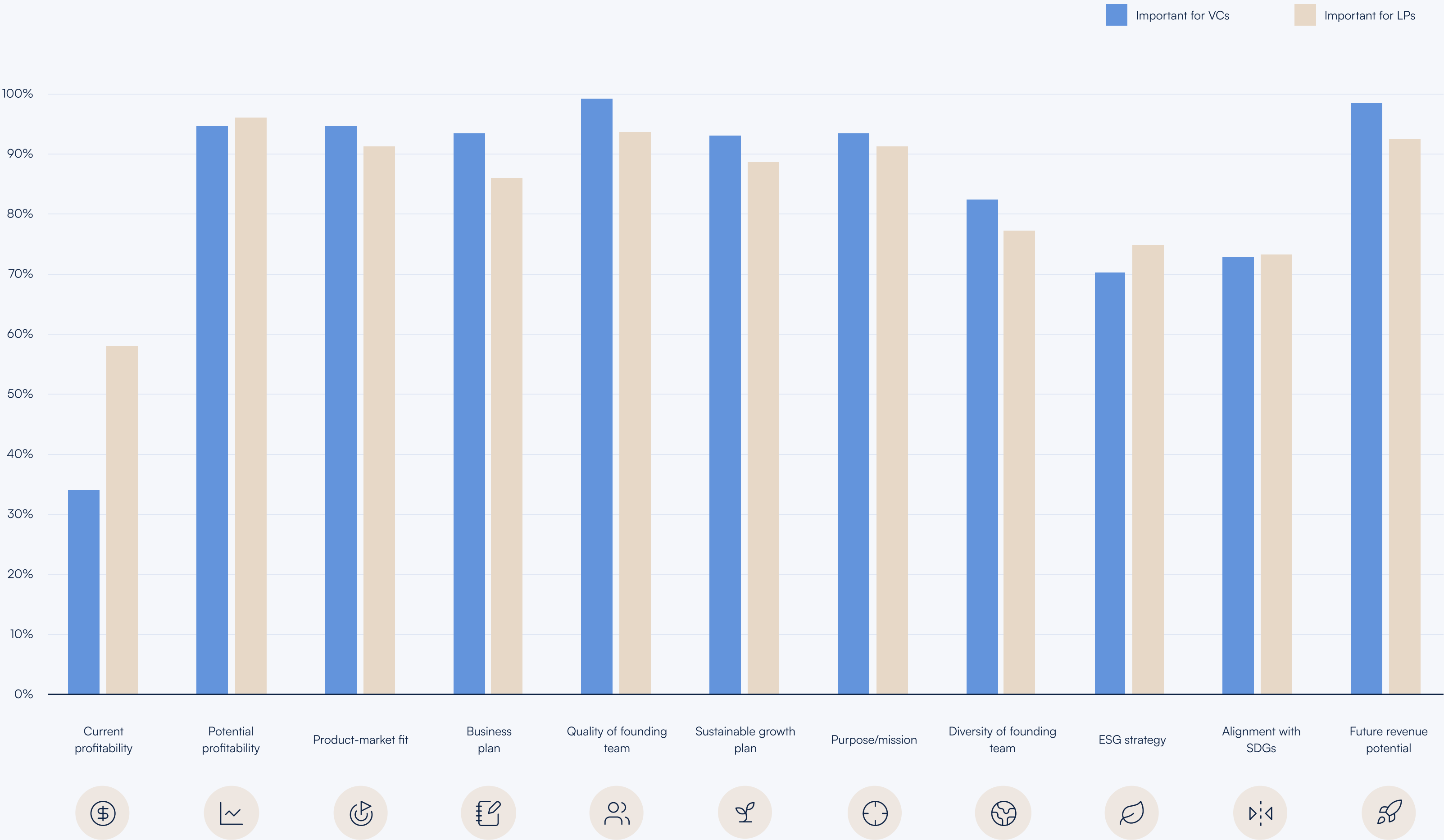
Consequently, diversity of the founding team is considered an important factor in VC and LP investment decisions, alongside more traditional factors.

82% of VC and 77% of LPs say the diversity of the founding team of the startups or funds they invest in is important.

Alignment with SDGs and ESG strategy are also considered important factors in investment decisions by VCs and LPs. 70% of VCs and 75% of LPs say ESG strategy is important, while 73% of both VCs and LPs say alignment with SDGs is important.

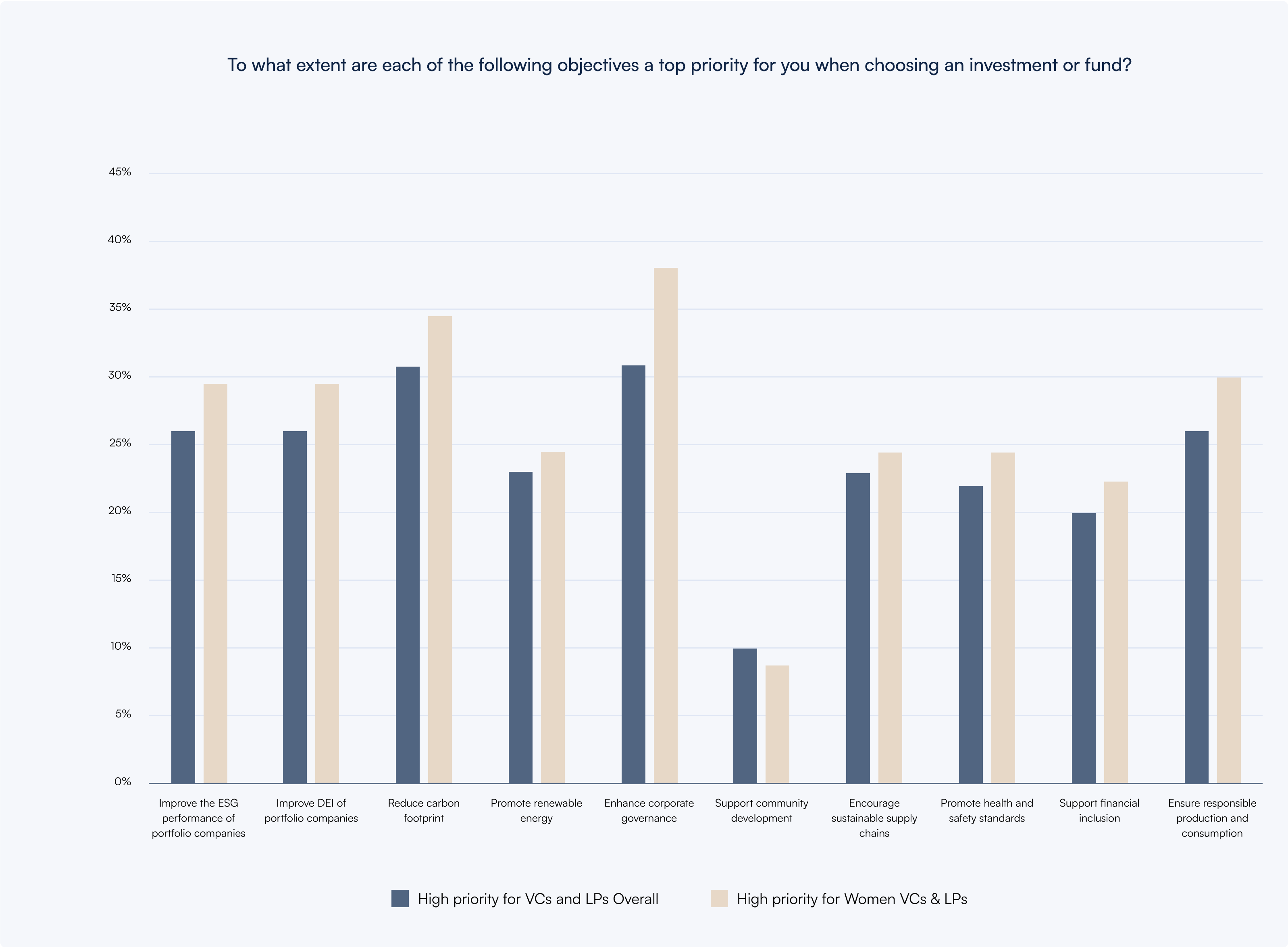
Current profitability, especially compared with potential profitability, is less important for the VCs we surveyed, who mostly invest in early-stage startups.

How important or unimportant would you say each of the following factors is to your choice of company or fund to invest in?



Women VC partners are especially focused on making a positive impact with their investments.

One in three women VCs and LPs we surveyed say enhancing corporate governance and reducing carbon footprint are high priority objectives when choosing a company or fund to invest in.



More investment in women (co-)founded startups can open new opportunities in health and food tech.

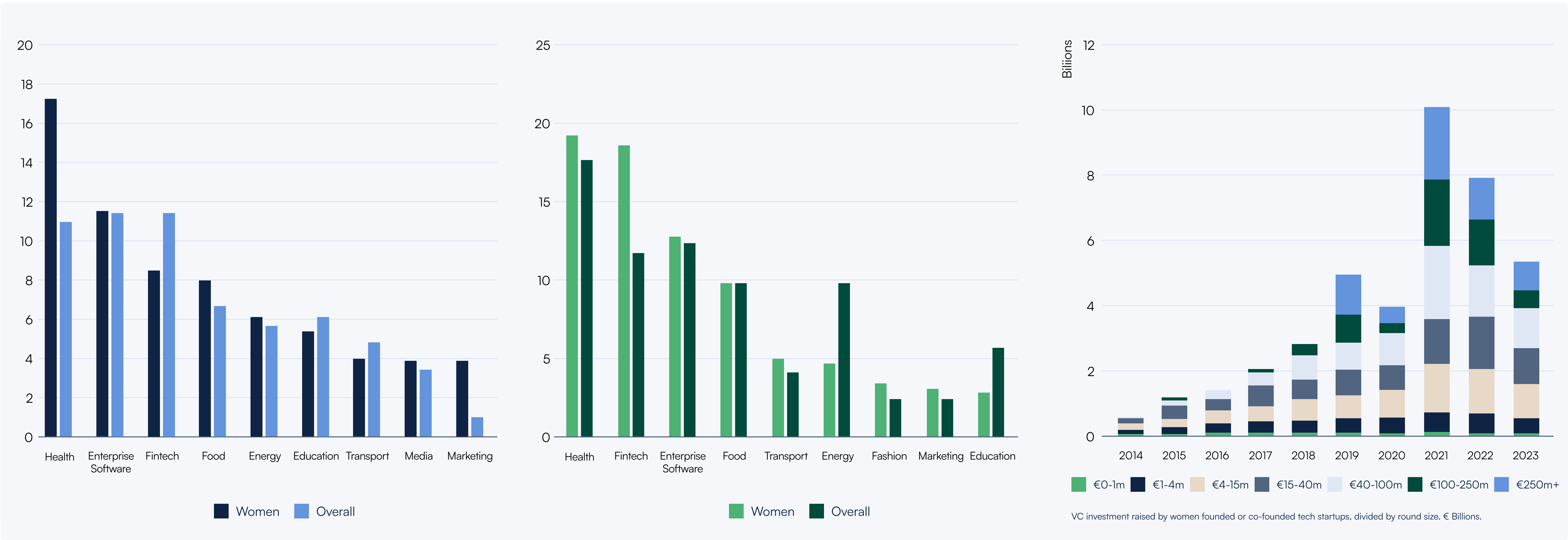
Annual investment in startups (co-)founded by women has increased by more than 10x over the past decade. 2023 was the third-highest year on record for VC investment in European women (co-)founded startups. Round sizes raised by startups (co-)founded by women have also increased, with significantly more €100m+ rounds compared with five years ago.

However, startups (co-)founded by women still only raise 10% of total VC funding in Europe.

There is a difference in industry focus for startups (co-)founded by women, and so if we increase funding to women (co-)founded startups, we can expect an even wider positive impact across industries.

17% of rounds raised by European women (co-)founded startups are raised by health tech startups, for example, compared with 11% overall. 8% are raised by food tech startups, compared with 6.7% overall

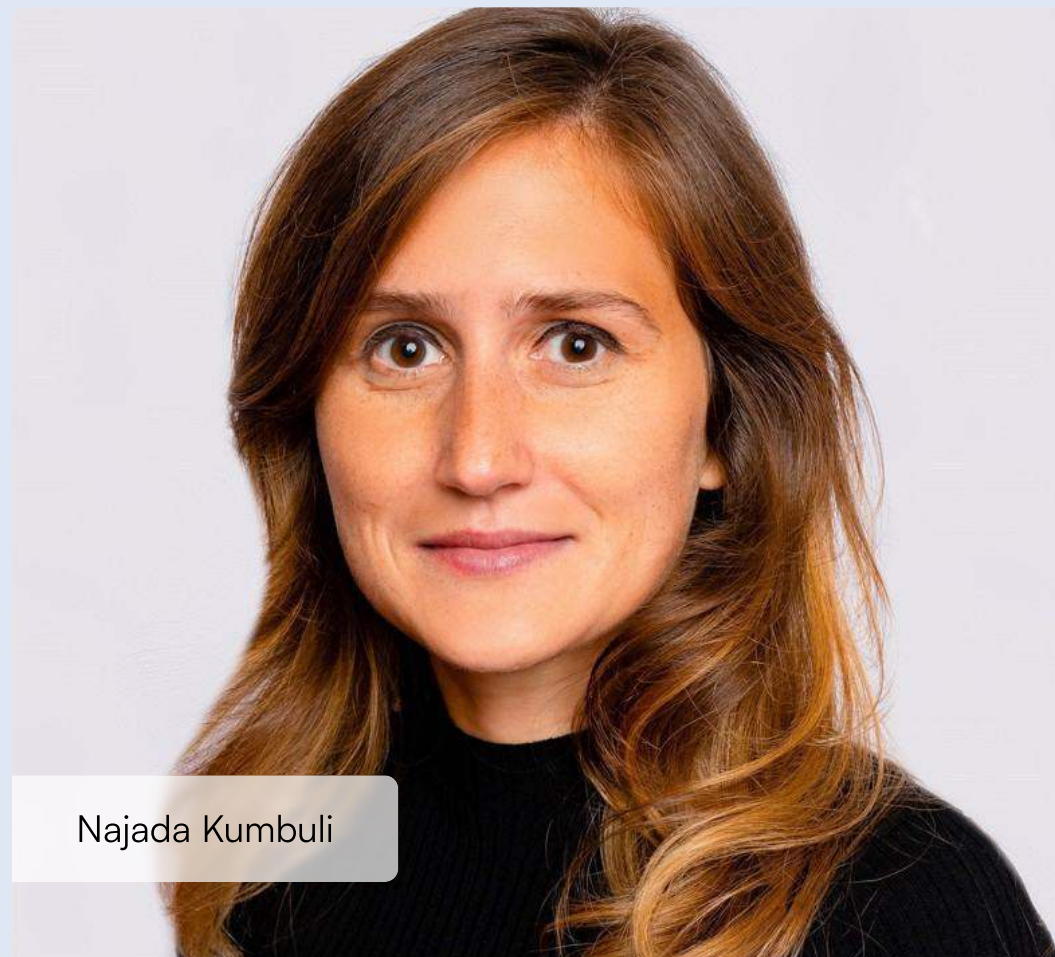
Meanwhile, 19% of total VC money raised by women (co-)founded European startups is raised by health tech startups, compared with 17.5% overall. 18.5% is raised by women (co-)founded fintech startups, compared with 11.7% overall.



Investment data from Dealroom

Najada Kumbuli

VP & Head of Investments, Visa Foundation



Visa Foundation's impact investing strategy

Najada Kumbuli is Vice President & Head of Investments for Visa Foundation, which seeks to support inclusive economies where individuals, businesses, and communities can thrive.

In April 2020, Visa Foundation pledged a strategic five-year commitment of \$200 million to support women and diverse-owned small and micro businesses (SMBs). In under five years, Visa Foundation has committed over \$200M in grants and impact investments to over 70 partners worldwide. Together with their partners, they have supported over

4 million SMBs and 1 million jobs as well as helped unlock \$2B of capital invested in local communities. Equally important is the additional goal of helping to influence the sector to allocate more capital in the hands of women and diverse venture capital fund managers and entrepreneurs.

“Since I joined four years ago, Visa Foundation has made it a priority to invest in venture capital. Now, a significant portion of the endowment is invested in Venture Capital funds.”

We invest across public and private markets, private equity, venture capital, private debt, absolute return, and real assets. When I joined Visa Foundation four years ago, the endowment was solely invested in public equities and fixed income. Now, we have rebalanced the endowment across asset classes, with a significant portion invested in Venture Capital funds.

Our decision-making process considers three dimensions: financial returns, strategic alignment, and potential impact. We sought to diversify the endowment beyond public markets to achieve both strong financial performance and support positive social outcomes. To date, our venture portfolio has exceeded or matched our benchmarks, demonstrating the viability of this strategy. Moreover, we believe that venture capital is a powerful force for innovation and disruption across various sectors and regions. We want to be part of that force and contribute to the societal transformation that we envision. Therefore, we stay actively involved in the venture ecosystem, learning from best practices and helping to influence the direction of change.

“Investing at fund level helps to build the ecosystem and empowers diverse fund managers.”

Visa Foundation's strategy is to focus on funds and a select number of funds of funds, rather than direct venture capital investments. We tend to target funds led by women, who are often first-time or emerging managers. Coming in at the first close, generally with a significant ticket size and our institutional brand, has helped enable them to raise more institutional capital and reach their fundraising goal. We believe this approach helps build the ecosystem in two critical ways. The first is helping to address the gender gap in venture capital funding by moving more capital into the hands of emerging women and diverse investment professionals, who in turn typically bring novel insights and solutions for the problems that affect their communities. The second is helping secure the Funds' ongoing maturation so they are primed for co-investing or bigger investment opportunities down the road.

“We make sure to evaluate funds with a holistic approach.”

One of the key objectives of our impact strategy is to address the gender gap in venture capital funding, because it can limit the potential of many women and underserved entrepreneurs. Therefore, we seek to invest in funds that have a diverse leadership and employee composition because research shows that a diversified team is more likely to invest in founders from untraditional backgrounds.

For instance, the Funds in our portfolio have allocated a significant portion of their capital to portfolio companies that have women or underserved

entrepreneurs as part of their founding teams, a stark contrast to the 2% of annual venture funding that this segment of the population received in 2023. These portfolio companies are operating in sectors that have a positive social impact, such as fintech, agritech, healthtech and others.

To find these types of funds, we use financial and impact scorecards to assess our pipeline of potential investees. At a minimum, our impact scorecards help us identify our potential partners we are investing in are diverse at a leadership, ownership, and decision-making level. We take into consideration the ownership and incentivisation to make sure women general partners have the same opportunities as their counterparts.

Simultaneously, we review a fund's impact approach and their support of small businesses & women as vital agents of economic growth. In addition, we analyse their alignment with the Sustainable Development Goals while recognizing that social impact is complex and requires actions from different perspectives (education, financial inclusion, healthy housing) to be effective and lasting. We have a rigorous impact data collection and evaluation system that captures both impact such as quality jobs created, revenues increased, CO2 reduced and diversity data at the firm & portfolio company levels.

VISA
Foundation

Shiva Dustdar

Director, Head of EIB Institute
European Investment Bank



Shiva Dustdar



“Survey after survey shows that many of our innovative companies in Europe that are developing solutions to tackle our most pressing societal issues on health and climate see access to finance as one of their biggest hurdles to success. The sad reality is that there is plenty of capital in our financial system, be it in our pension funds, endowments, or insurance portfolios that could be more effectively deployed towards these solutions.

“We have an allocation problem that is self-inflicted, based on a flawed economic system that does not capture the true costs of many of our resources and chases short term returns.

There are however some promising signs. Impact funds are growing in size and scope, attracting family offices and institutional investors, who see growing opportunities to make sound investments with sound financial returns. At the same time, recent EIB reports showed that women-led companies are more likely to score higher on ESG metrics while women-led VC funds tend to invest more in women entrepreneurs.

So why are we not allocating more capital to women entrepreneurs and women-led VC funds?”

In addition to all the pivotal measures taken by EIB and EIF to channel more financing to women-led companies and VC funds, we also need to invest in our next generation of female talents! This is why together with the EIF, the EIB Institute is launching soon some exciting new initiatives that expose female STEM students to VC career opportunities through internships and work placement opportunities across the European VC market. Watch the space for our formal announcements and join forces with us to future proof ourselves!”





“The key to creating a fair and inclusive future is diversity and representation in tech investing, development, and deployment. At EIT Digital, supporting women in tech and business is by design. We actively recruit women into our education and entrepreneurship programmes and empower the many talented women in our organisation.”

Federico Menna

EIT Digital



“From student to unicorn, our programmes promote the education of women in STEM fields, their goals of launching new companies, and ultimately their journey to scaleup success. We believe these rising stars will have both the technical and business savviness needed to succeed in venture capital. When we support women entrepreneurs, we’re really supporting future women investors and entrepreneurs and the future of European innovation.”

Diva Tommei

EIT Digital

John Gardner & Kirsti Chou

Founding Partners, Lumi Partners



John Gardner



Kirsti Chou

// Investing in climate tech presents a financial opportunity like we’ve never seen before.

John and Kirsti are the founding partners of Lumi Partners, a new private fund of funds investing in climate funds and climate tech startups on both sides of the Atlantic. Lumi is raising a €200m-€250m fund this year and will allocate 80% to climate VCs and 20% to direct investments.

“The time horizon for massive scale market opportunities in climate is the next 10 years.”

Climate is the biggest crisis and challenge that we have ever faced. Time is very quickly running out. There will be no climate impact without scalable businesses, and so we need to be investing in a broad swathe of solutions at record speed.

We’re at an inflection point. The time horizon for massive scale market opportunities for solutions in this sector is the next 10 years. Governments and large companies are going to play big roles in solving the climate crisis. The VC superpower is in finding the innovations that can really shift the market, and the market is now at a stage where it will reward those climate innovations that prove out a scalable impact.

Impact and return are interdependent. You need to scale to make an impact, and with scale comes returns. Think of the broader projections of what climate change means in the world. Investors with a long-term view, like pension funds and family offices, understand that if we don’t address the climate issue now there’s going to be big long-term risk.

“Investing through a fund of funds allows for broader diversification and helps manage risk factors.”

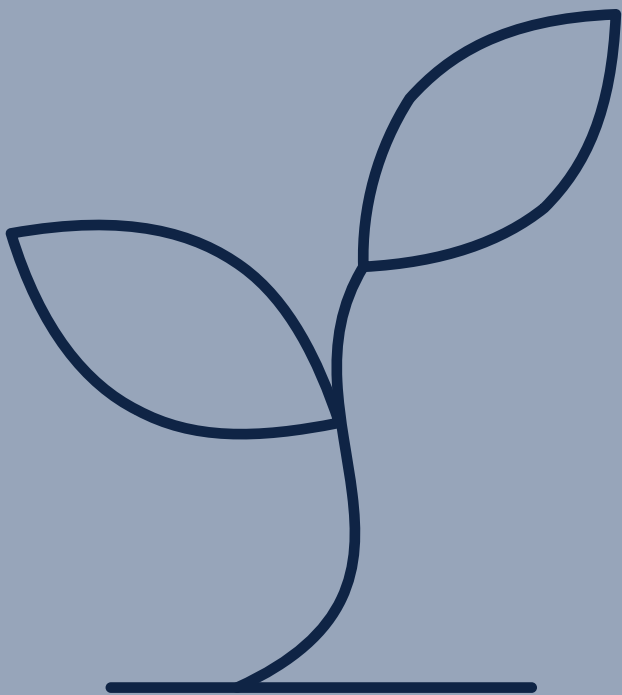
Climate tech founders can’t rely on building great products and assuming the market will take care of the rest. Regulation is a consistent factor as a driver and constraint on innovation. Many climate solutions require a build out of infrastructure and supply chains that don’t yet exist. Plus, growth-stage capital is lacking. There is a lot of money on the sidelines and an appetite to invest, but there’s a hesitancy around those challenges — and that’s why we’ve built Lumi.

We need to take a systems thinking approach to how we manage the complexity of the climate market. For institutional investors, investing through a fund of funds allows for broader diversification and helps manage the risk factors — you can have a front row seat and choose the winners alongside the VCs. Then, with direct investment, we can go deeper and create very attractive returns. The biggest thing VCs can do to get more money into venture is to start developing a strong track record of venture-backed returns.

“We’re looking to shift the ecosystem and change the way impact is measured.”

We’re looking to back funds that can move climate solutions forward most effectively to reach meaningful scale and generate returns. We’re also looking to change the way impact is measured. We don’t want to focus solely on carbon. We want to have metrics and KPIs that are appropriate for a particular investment class, rather than forcing square pegs into round holes and saying everything has to have some kind of carbon impact. We want to work with funds that have robust internal systems for measuring impact that look beyond single factors and consider how an investment shifts the ecosystem. If they’re still developing those metrics, we want to develop them with them.

Values-based Investing

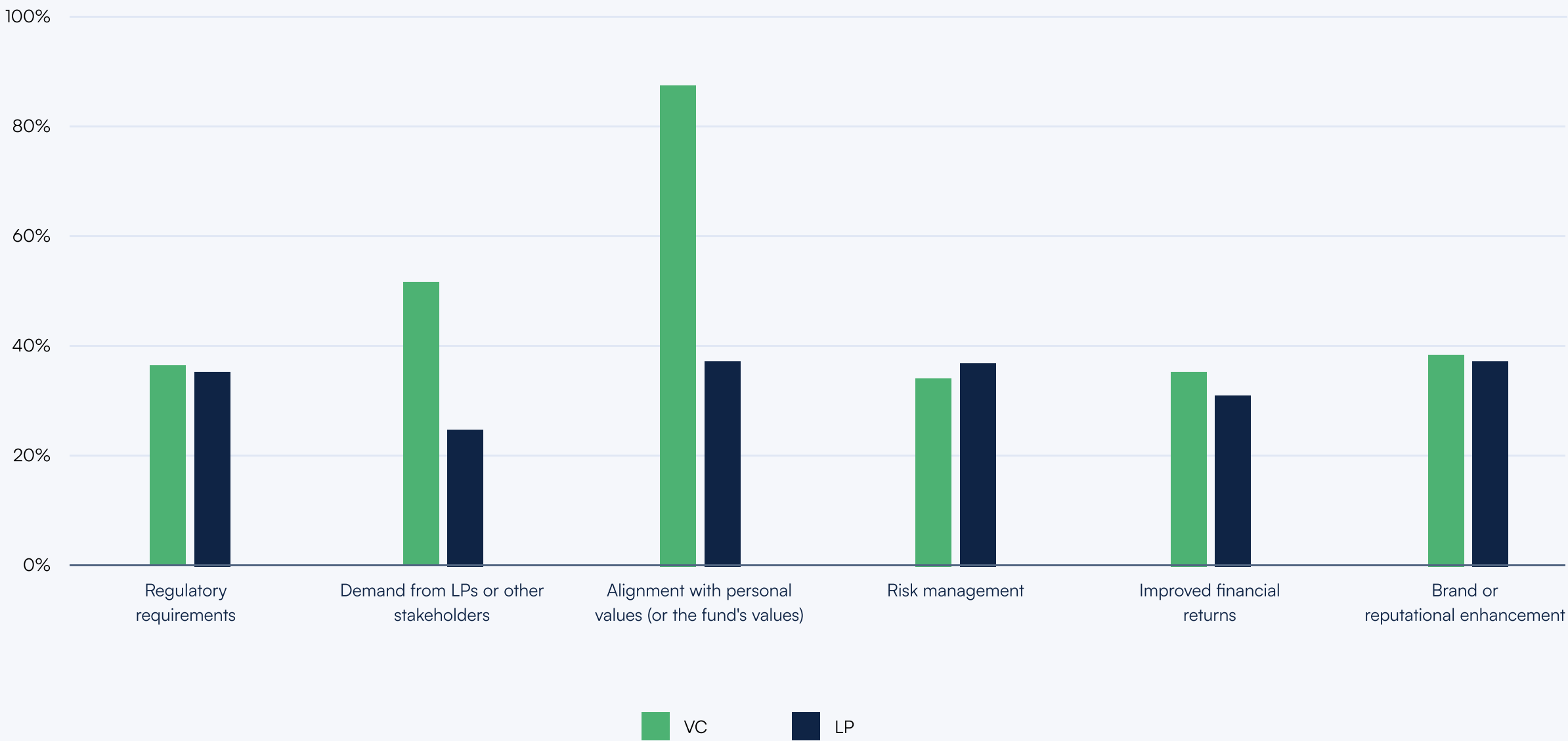


VCs use impact frameworks to guide their investments as they align with their personal, or their fund’s, values.

88% of the VCs we surveyed say they use an impact investing framework or tool to guide their investment decisions due to their own personal or their fund’s values.

More than demand from LPs, it’s clear that many VCs have a strong, personal alignment with impact investing, and so are driving the focus on positive impact. Brand reputation and regulatory requirements are also significant considerations.

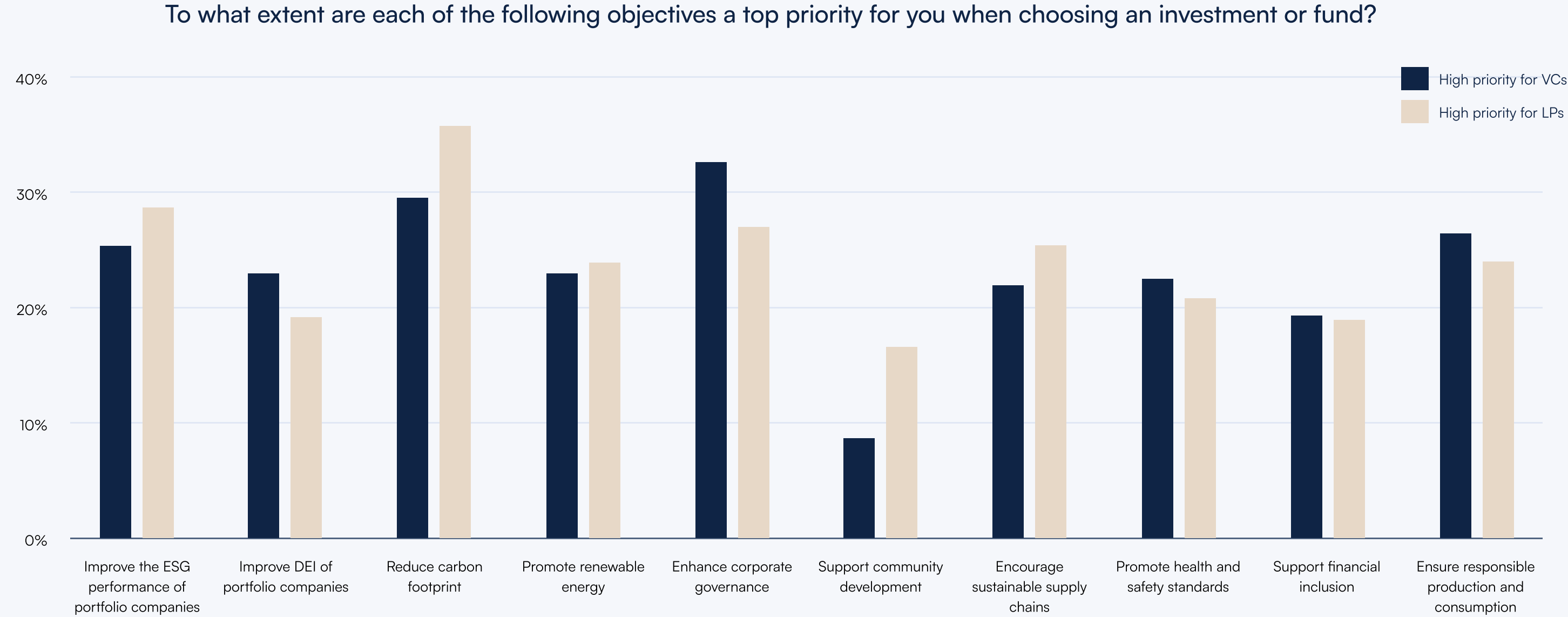
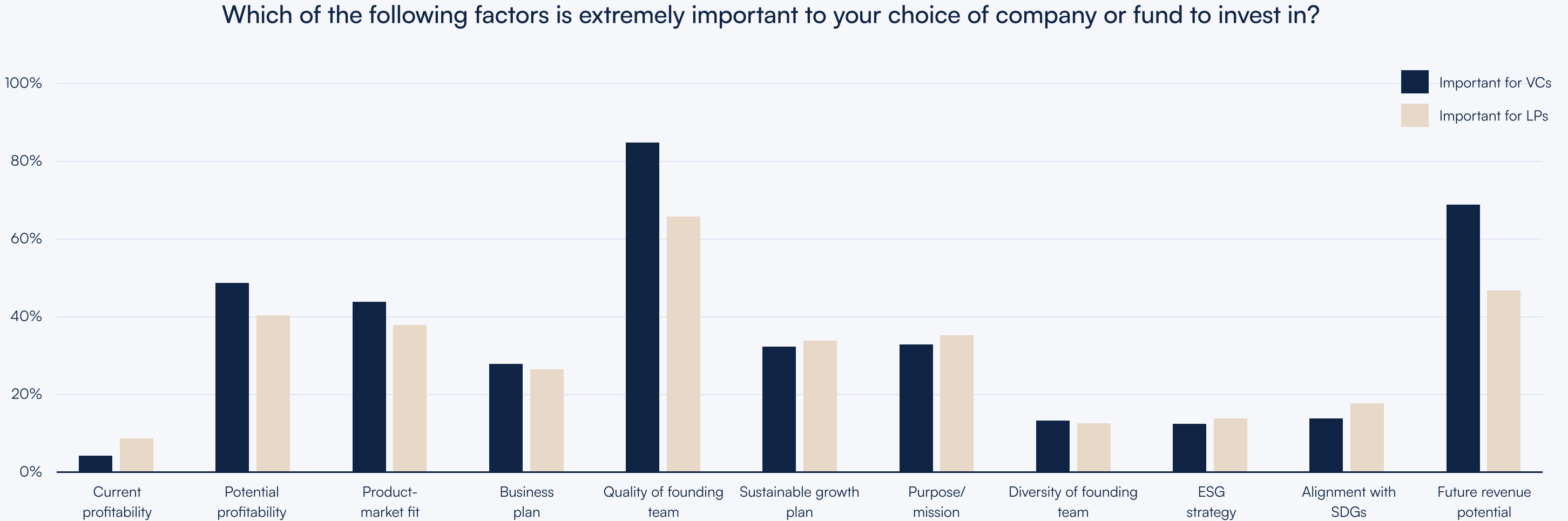
You said that you use an impact framework or tool to guide your investments. What are the main reasons for doing so?



Underlying VC investment decisions is an active prioritisation of positive impact.

VCs consider positive impact objectives alongside returns. The majority of VCs we surveyed say the quality of the founding team of the startups they invest in (85%) and future revenue potential (69%) are extremely important factors in driving investment decisions.

At the same time, 29% of VCs say reducing carbon footprint is a top priority when choosing startups to invest in, and 32% say enhancing corporate governance is a top priority. While returns potential comes first, a positive impact mindset drives VC investment activity.



Folake Shasanya

Managing Director EMEA, J.P. Morgan



Folake Shasanya

// We are committed to being the leading banking partner to the innovation economy — bringing together founders, startups, investors, and ideas. //

Folake is Managing Director and Head of Venture Capital Coordination and Diverse Business in EMEA at J.P. Morgan.

J.P. Morgan exists to financially empower high-growth companies that are shaping the present and building the future. J.P. Morgan and its bankers across the globe provide early-stage, venture-backed and high-growth companies with specialised services, access to a robust professional and venture capital network and money-management solutions. We are committed to being the leading banking partner to the innovation economy — bringing together founders, startups, investors, and ideas.

There has always been an innovation economy — we just put a name to it in 2016. Whether it was automobiles or artificial intelligence, every generation has had their own opportunities to disrupt, and J.P. Morgan has been supporting generation after generation of new technology and innovation all the way back to its founding year of 1799.

Over 200 years later and we have seen rapid changes in technology all within one generation. Technology is transforming how we travel, transact with one another, move and fund goods — and how we treat and manage our health. The EMEA ecosystem continues to be at the forefront of this change, and after the market recalibration the past two years, we are seeing a dynamic vintage of entrepreneurs emerging from the region. Now more than ever, there is a collective responsibility on the ecosystem to ensure that the venture capital landscape serves great founders across geographies, genders, and economic backgrounds.

At J.P.Morgan, our Innovation Economy team is positioned with dedicated coverage teams to serve venture capital firms and portfolio companies, supporting our clients through every stage of their lifecycle.

J.P.Morgan

[Read more here](#)

Our Five Step Action Plan

Every investment we make, be it in time or money, has an impact. How can we best allocate our precious and scarce resources to build financial and societal value? How can we seize the opportunity to further the positive impact of European venture capital?

From our VC and LP survey, investment data insights, and conversations with leading industry voices, five key themes have emerged. By following our five step action plan, governments, policymakers, investors, and corporate leaders can work together to build a stronger, more diverse, and sustainable European venture capital ecosystem that drives meaningful impact and positive change for society and the planet.



01

Catalyse more institutional investment into venture

In 2023, more than a third of total VC investment in Europe went to impact startups addressing one or more of the UN SDGs. If we want to solve the biggest global challenges, create jobs, and fuel economies, we need more capital flow from institutional investors into the venture space from all kinds of investors — pension funds, family offices, and corporations.

As we’ve seen, only 0.01% of pension fund AUM is invested into European VCs, meaning European pensioners don’t benefit from the successes of European tech companies. According to Redstone, of the €47b that German unicorns are worth, German pension funds benefit by only around €94m. As Atomico has noted, just a small increase could unleash huge transformational change. In the UK, progress has been slow, but a plan to allocate 5% of UK pension fund assets into startups by 2030 is a positive development.

For many individual LPs, the barriers to investing in venture differ by geography and many are tax related. Policymakers must work to create a favourable regulatory environment and incentives that encourage institutional investment in venture, while VCs should focus on presenting their strong track records of returns, especially European VCs. According to Invest Europe, European VCs delivered 23% net annual returns in the 10 years up to 2022, and 31% in the five years prior to 2022, compared with 21% and 25% respectively in the US.

There are many roads into venture capital. Investing into a venture fund of funds is a low risk strategy with solid returns. Investing in a VC or growth fund as an LP is higher risk with potentially higher returns. In fact, many institutional investors we’ve spoken to in our research who started in the venture space by investing in a fund of funds have gone on to invest directly into funds and startups. Even if you’re new to venture, you can be part of the ecosystem, participate in a risk-averse way, and more directly impact the next generation of transformational tech companies.





02

Prioritise diversity in VC teams

Women-(co-)founded startups are particularly active in high-impact sectors such as health tech and food tech, and supporting these startups can unlock new opportunities for innovation and impact. Yet women-(co-)founded startups still only raise 10% of total VC funding in Europe. Policymakers and ecosystem players should work to remove barriers and create programmes that support women entrepreneurs with the funding they need to drive their businesses forward.

Crucially, given women-led VCs are more likely to invest in women-founded startups, we also need to increase representation of women in VCs, at partner level and on the investment committee where decisions are made, and increase the allocation of funding from institutional investors to women-led funds. According to European Women in VC, mixed and female-led teams at the investment decision level also outperform on a returns basis and are less volatile. According to our survey, one in three women VCs say that reducing carbon footprint and enhancing corporate governance are high priorities when making their investment decisions. Increasing diversity at VC level, as well as being good for business, therefore has wider potential societal benefits.



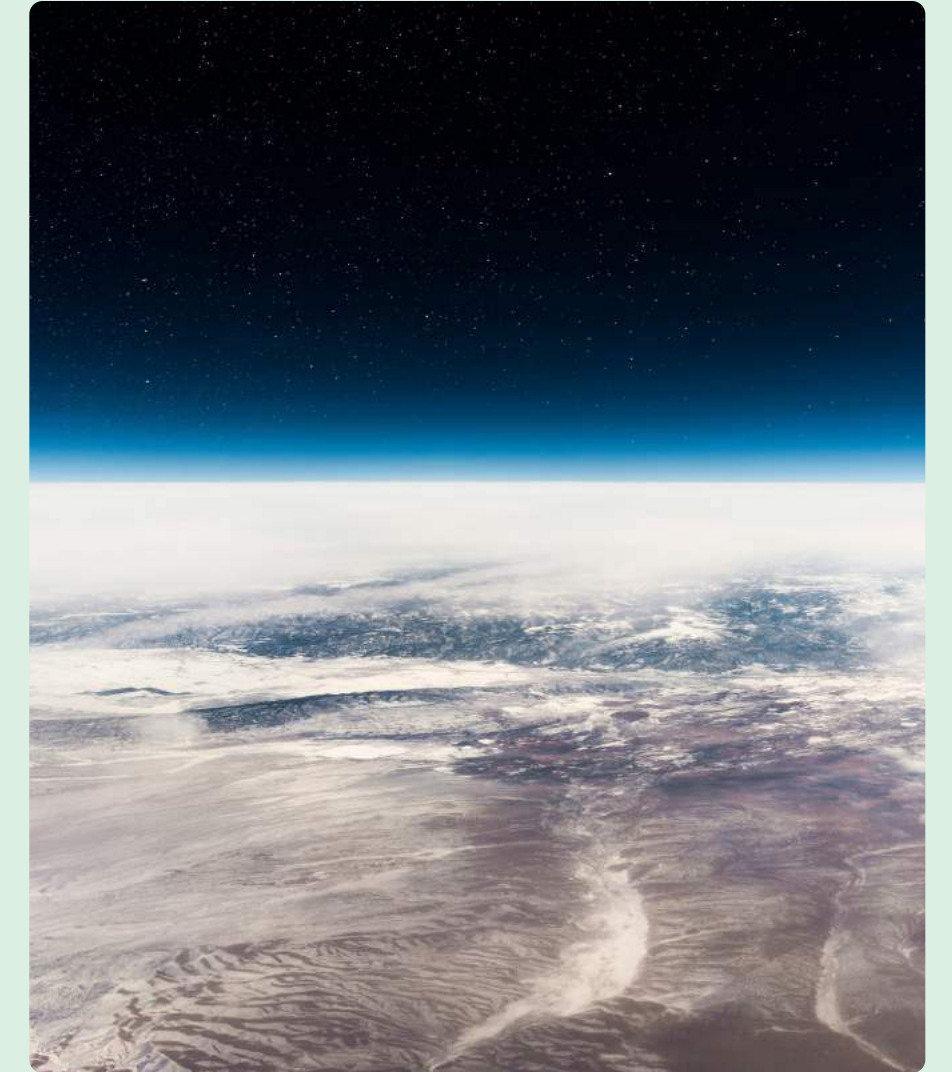
Investment data from Dealroom



03

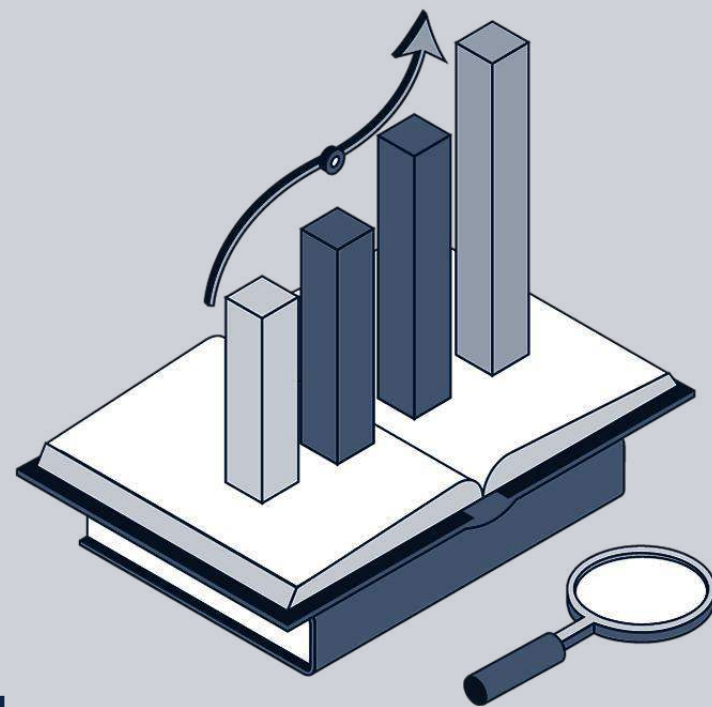
Champion venture capital's positive societal and environmental impact

Europe has surpassed the US as the world's leading region for VC positive impact funding, with VCs prioritising climate action and healthcare. In 2023, European climate tech startups raised €18.2b in VC investment, and health tech startups raised €8.6b. Versus traded equities, buy-outs, real estate, or bonds, venture is the one asset class that can generate the most direct and significant positive impacts.



As a VC community, we need to work together to better promote how venture capital delivers the social and environmental benefits, as well as the financial returns, that institutional investors look for. We should champion startups driving social impact as well as regional success stories, like the Nordics, where, the evidence suggests, these startups are more likely to succeed. According to Dealroom, Nordic impact startups raise bigger rounds at all stages and are more likely to convert to Series A. 31% of Nordic impact startups raise a Series A after five years, compared with 19% overall.

04



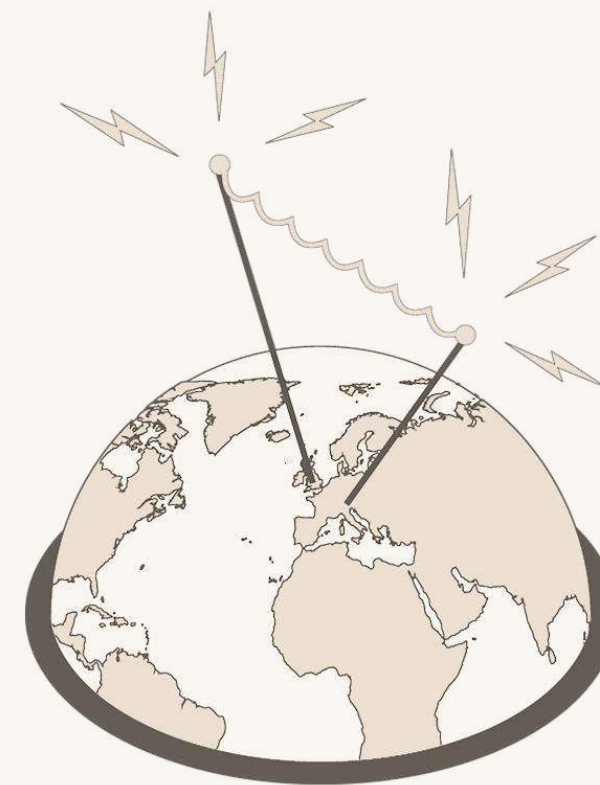
Implement impact frameworks to support scaling companies

VCs are increasingly prioritising ESG in their investment decisions. This increasing focus on ESG is positive and especially key in helping VCs to meet the priorities and expectations of LPs.

However, as we've noted, ESG and positive impact are not the same thing. We need to promote positive impact investing and back impact funds to support the next generation of impact-driven startups and trigger positive societal and environmental change. When it comes to frameworks for measuring impact, we need to engage all stakeholders to continue the conversation and build this developing space in the most effective and representative way.



Ultimately, we need a concrete, pan-European framework that is easy to use; not the varied and conflicting frameworks used by different stakeholders today. We need an impact framework that is suited to the VC industry, which is nimble, fast-paced, and where small management fees for early-stage funds can't yet support the current system of ESG reporting. We need the UK to collaborate on Article 8 and 9 funds; not create its own frameworks. Let's get this right in Europe now and take our vision of positive impact to the rest of the world.



05

Build a better connected, more inclusive investor community

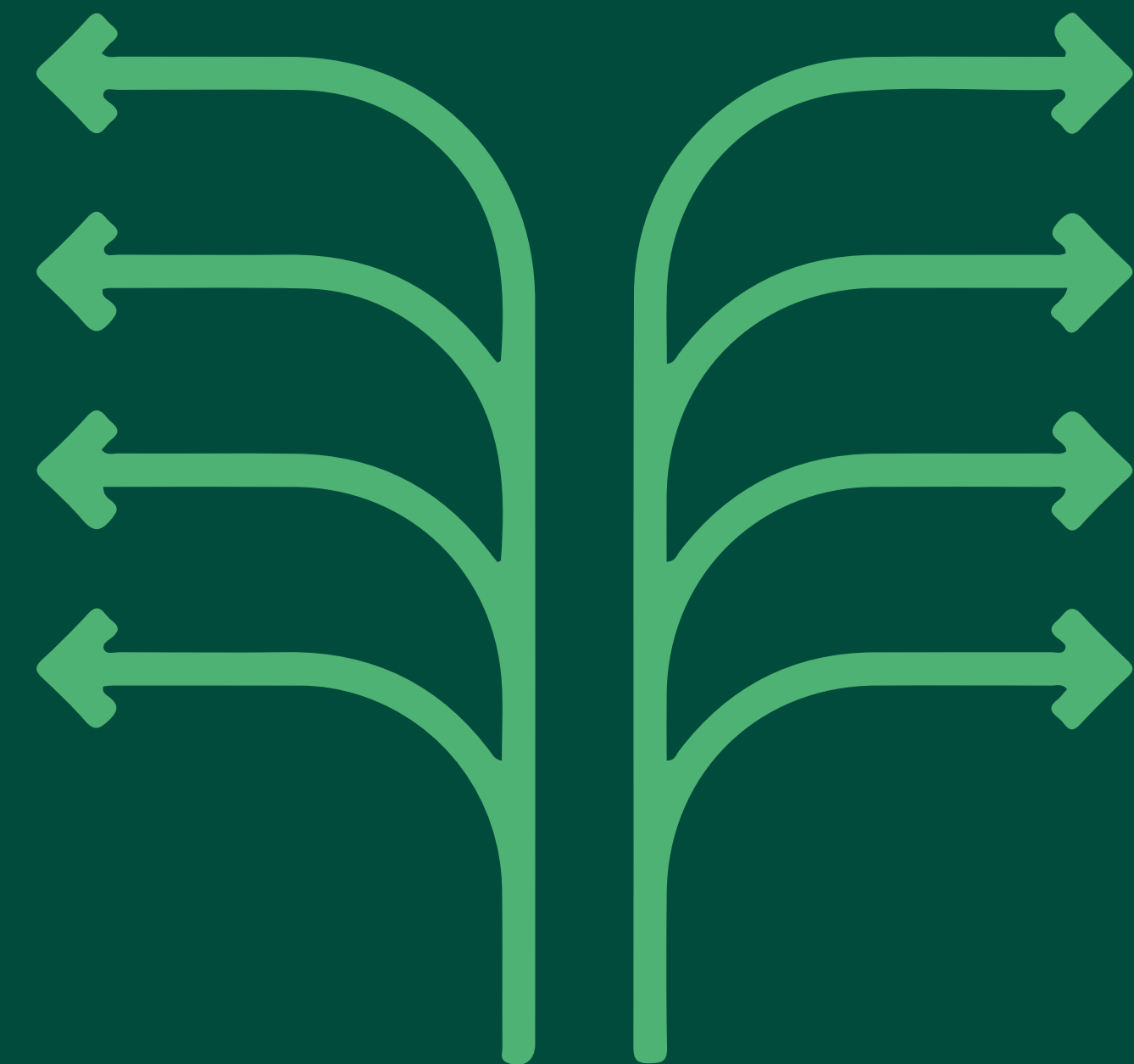
We need the largest financial and institutional players to be involved in venture.

Taxpayer-funded institutions were the biggest investor into European VC funds in 2023, with their share more than doubling on the previous year, but venture and startups by their nature are not national sports, and the public sector alone cannot support the growth of the venture ecosystem.



To fully realise the potential of European venture capital to drive positive change, we need different types of capital; blended finance instruments as well as efforts to actively involve foundations and family offices. We need to foster a global community of change-makers, investors, innovators, and policymakers, collaborating across borders and institutions, creating platforms for knowledge-sharing and partnership-building, investing in research and development, and prompting sustainable innovation that benefits society as a whole.

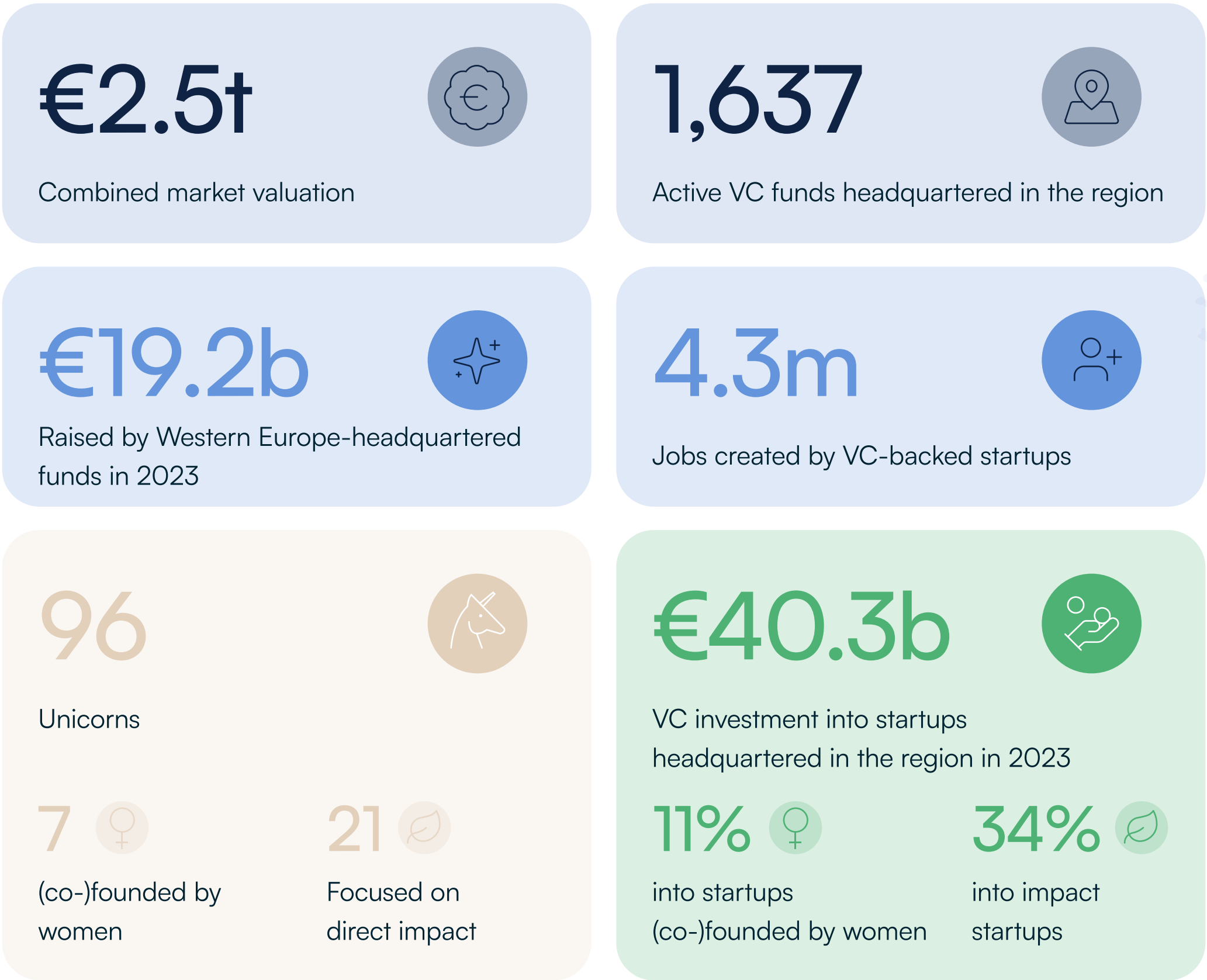
Regional Spotlights



Western Europe is one of the most impact-oriented among the world’s major startup regions, with leading global tech hubs.

- In Austria, 50% of VC investment in 2023 went towards impact companies, surpassing the 31% average of the EU overall.
- In the Netherlands, 35% of total VC investment is raised by positive impact startups.
- Energy is the top funded sector in Germany in 2024 so far, ahead of Health and Fintech with more than €750m invested, while the most funded startup industry in France in 2024 is Transportation, at €520m.
- Paris is the second largest tech hub in Europe by VC investment, with \$1.2b raised in Q1 2024. Paris is also Europe’s second biggest fintech hub, after London, with more than €750m raised in VC funding in 2023.
- More than 50% of VCs and LPs we surveyed from Western Europe say that their use of an impact tool or framework to guide their investment decisions is driven by regulatory requirements, emphasising the impact that government can have on VC investment in Europe.

Western Europe



Box-out stats are for Western Europe including the UK.

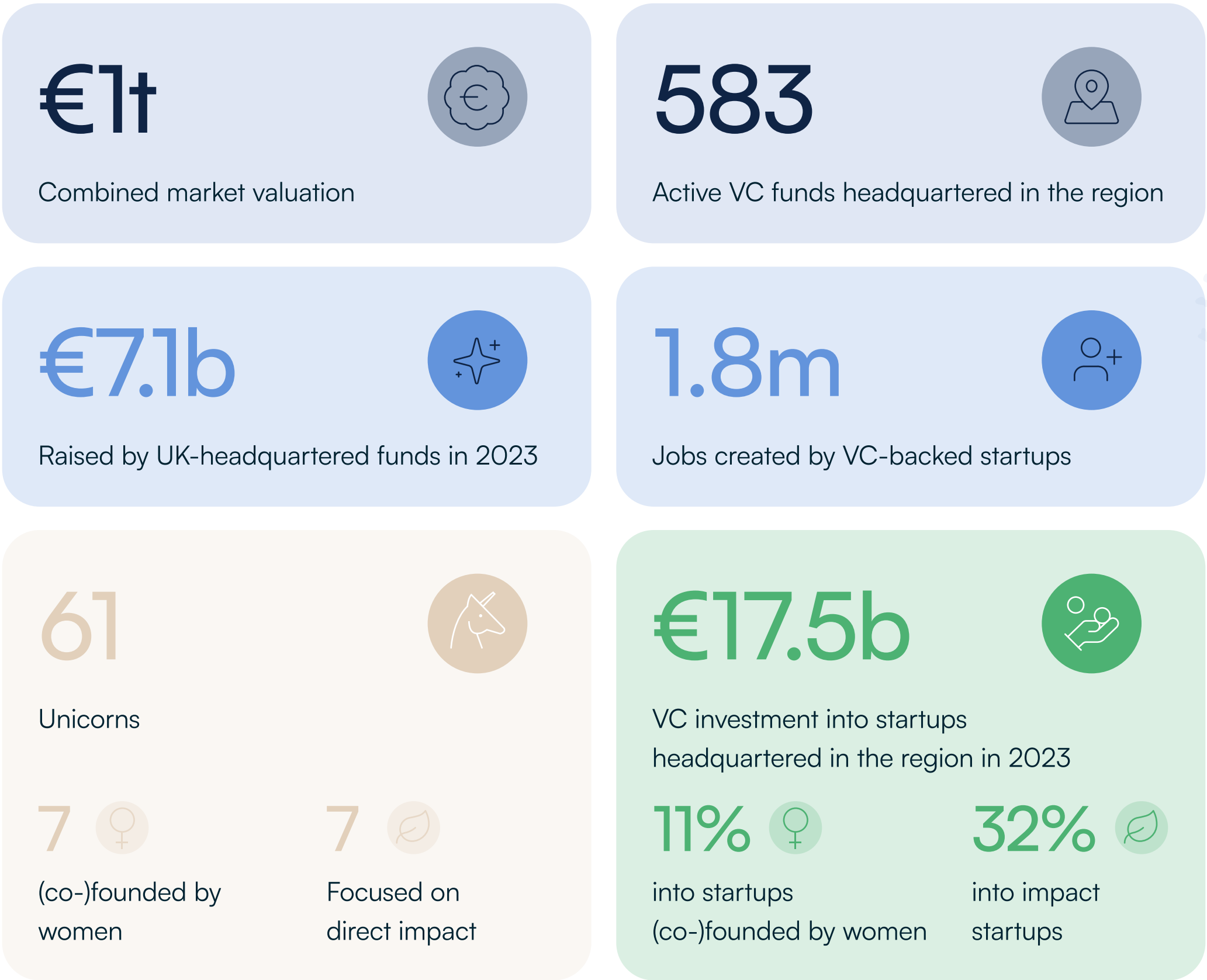


Data from Dealroom and our VC & LP Survey.

The UK is Europe’s leading tech startup hub, attracting significant global investment.

- More than half of UK venture capital comes from overseas investors.
- The UK attracts more than 4x funding in fintech compared to any other country beyond the US, even if funding dropped more than 65% in 2023, compared with 2022.
- 83% UK-based VCs and LPs we surveyed say that increasing diversity in VC leads to better financial returns.

UK



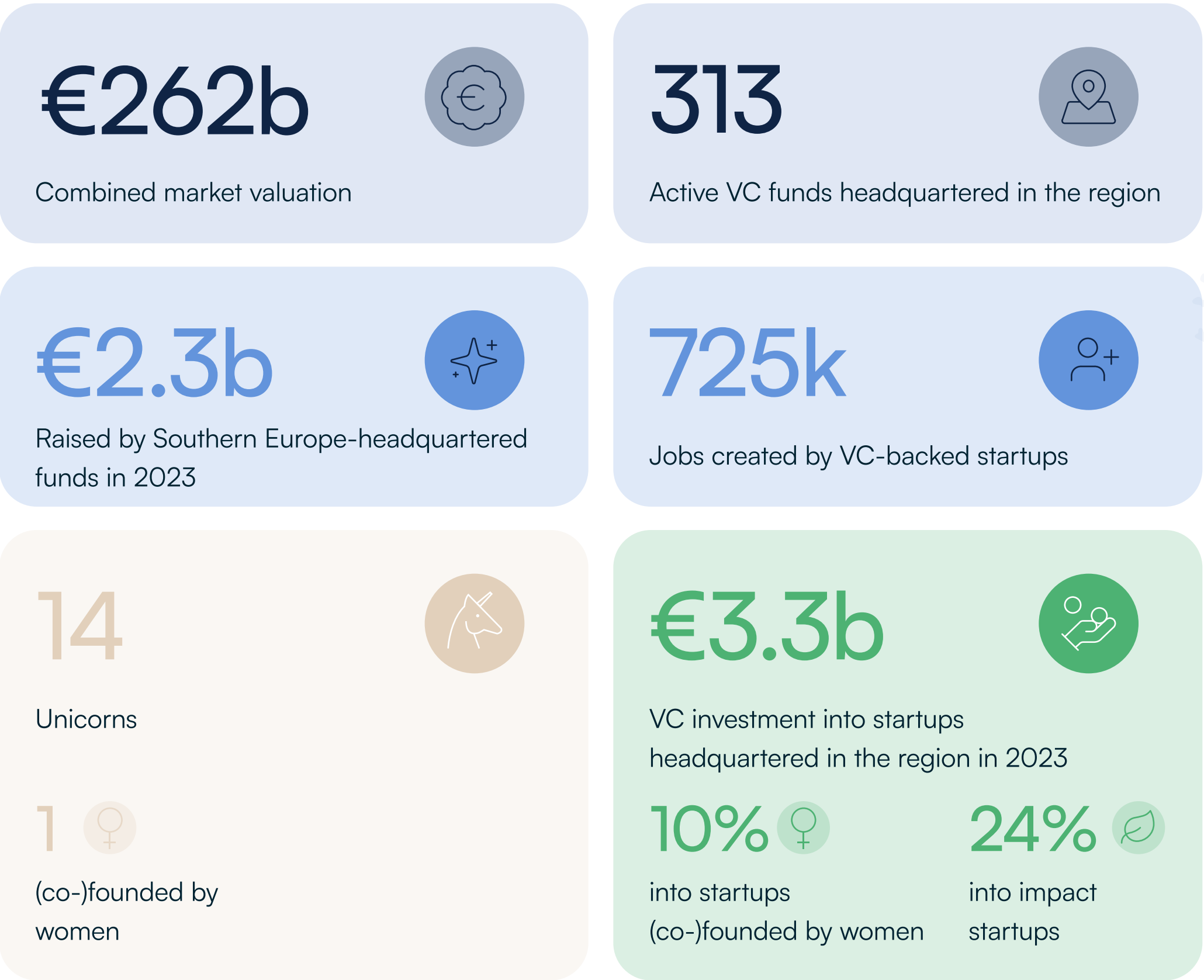
Infographics data for Western Europe includes the UK
Data from Dealroom and our VC & LP Survey.



Italy leads the Southern European region, with around €400m in VC investment raised by startups in Q1 2024, a 35% y-o-y increase from 2023.

- Italy is one of the fastest growing ecosystems in Europe with a 16x growth in 2022 and a more moderate growth of 7.4x in 2023.
- Italian university spin-offs are continuously growing, reaching a combined market valuation of \$2.1b in 2023.
- Nearly 40% of the VCs and LPs we surveyed located in Southern Europe admit that improving the ESG performance of their portfolio companies or funds is a low priority. This is consistent with the fact that the Italian tech ecosystem, and others in Southern Europe, are younger than other major European ecosystems.

Southern Europe

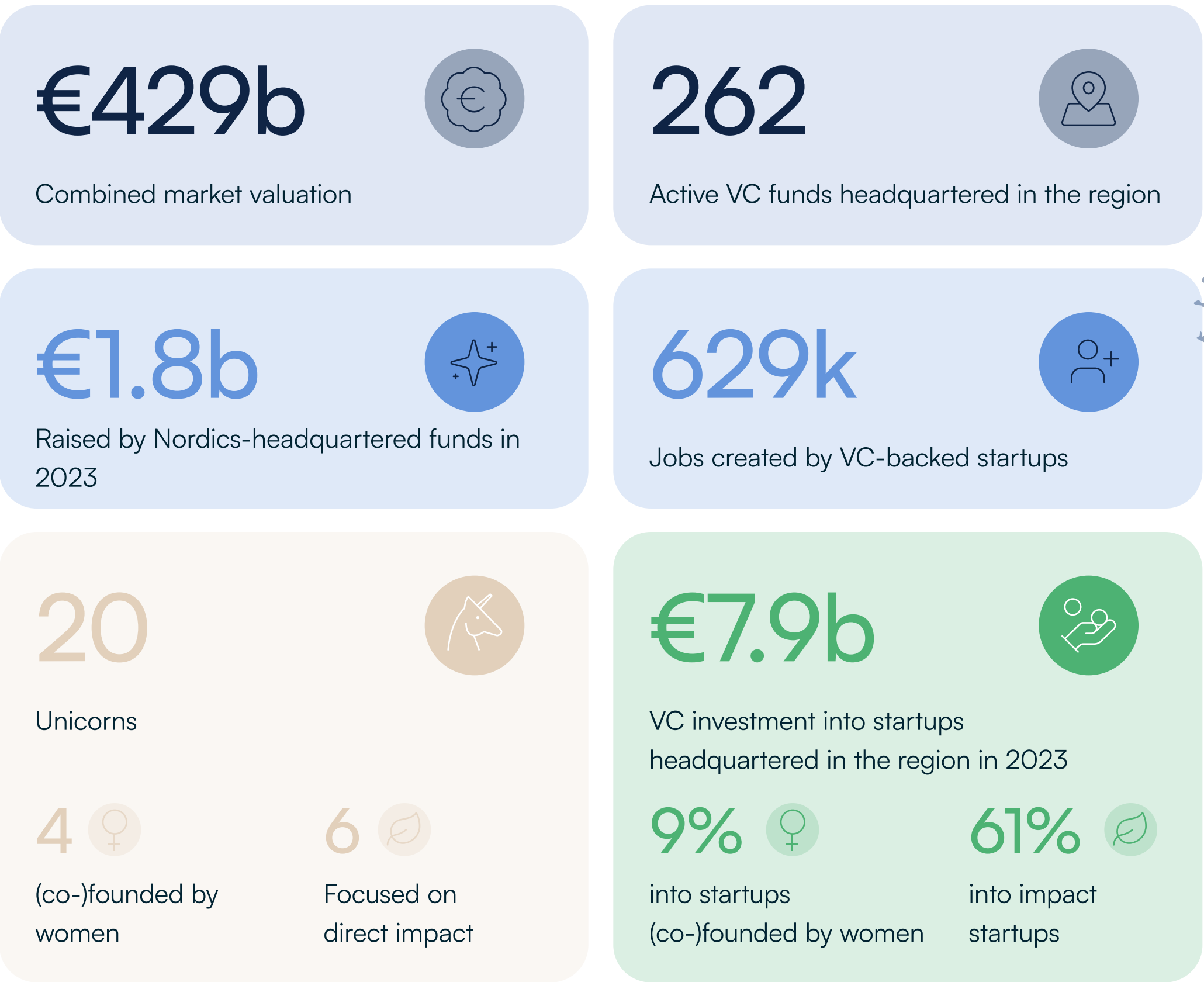


Data from Dealroom and our VC & LP Survey.

The Nordics lead the way for impact investment in Europe and have a strong focus on climate tech.

- Sweden ranked as the second top European country for impact investment in 2023, with €3b+ raised by impact startups.
- 96% of late-stage VC investment in Sweden was raised by impact startups in 2023, including by climate tech companies like Northvolt.
- Nearly 75% of VCs and LPs we surveyed from the Nordics say the improvement of the DEI of their portfolio companies is a top priority.

Nordics

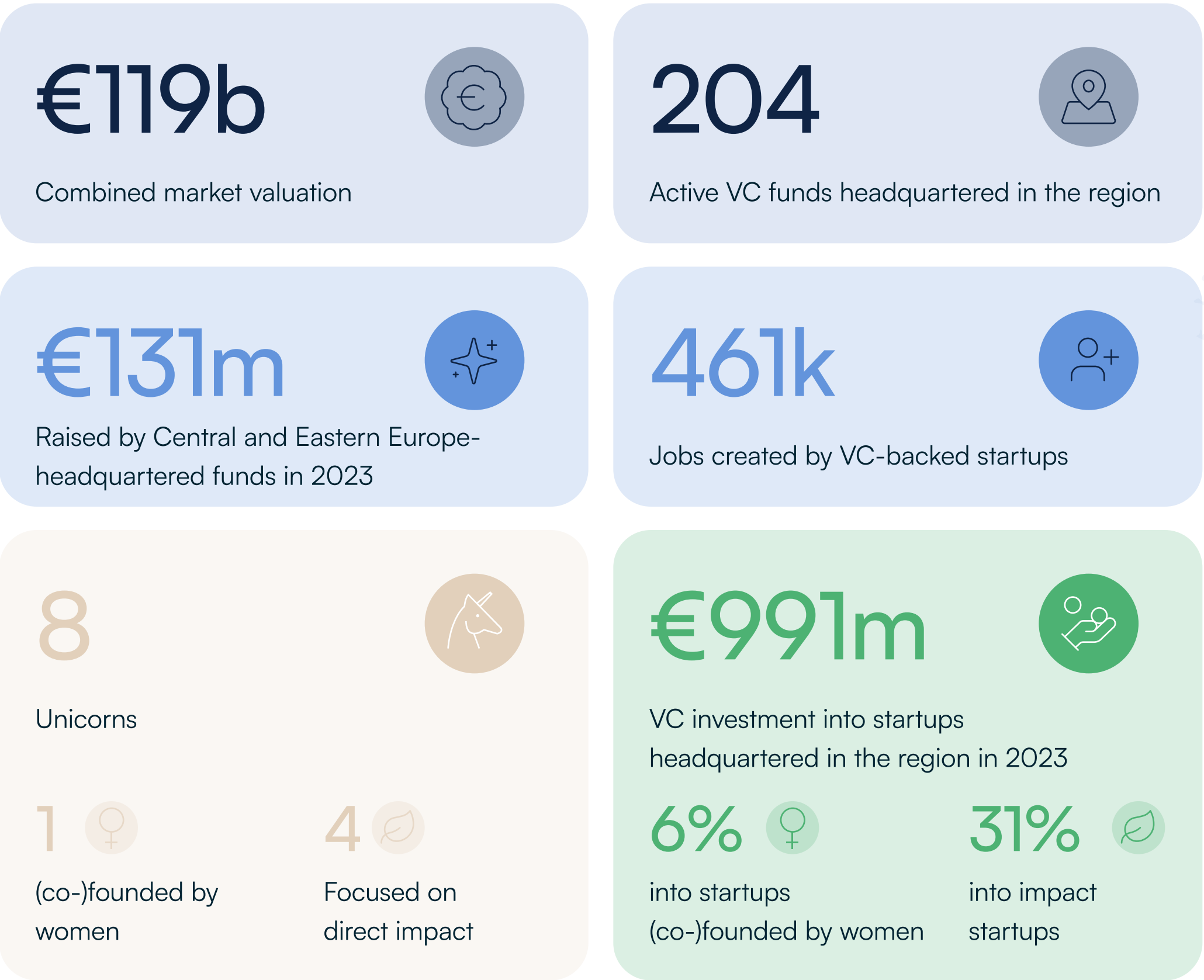


Data from Dealroom and our VC & LP Survey.

Over the past five years, CEE climate tech startups raised around 20% of total VC investment in the region.

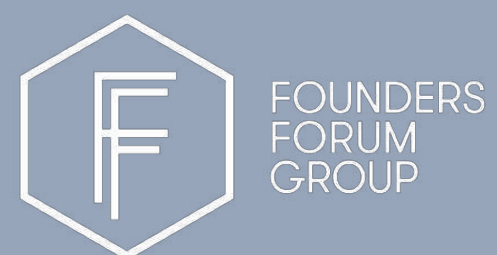
- Estonia is the top CEE country for VC investment, and has the most unicorns per capita in Europe.
- In 2023, €466m flowed through the Polish VC market, the total value of capital invested by Polish and foreign funds in 438 deals in 399 domestic companies.
- 75% of the VCs and LPs we surveyed from CEE say future revenue potential is an important factor when making investment decisions, rating it at least 20% more important than any other region, and likely related to the CEE’s position as a fast-growing ecosystem focused primarily on growth.

Central and Eastern Europe:



Data from Dealroom and our VC & LP Survey.
PFR Ventures

Investor Viewpoints





“Venture Capital is the best way to support innovation and ensure European tech sovereignty. What’s needed are good projects led by qualified people to allow the pool of early-stage startups to mature and create a strong landscape of later-stage companies with the capacity to become global leaders.”

David Dana
European Investment Fund



“VC-backed European founders are driving innovation in medium and large enterprises across the globe. To amplify the impact of European VC, we have to think bigger, nurture diverse talent, and unlock even larger European financing options.”

Mona Gindler
Senovo Capital Management GmbH



“It is paramount that Europe does not fall behind in tech and innovation, and having an active VC ecosystem is absolutely crucial in making this happen.”

Sonia Fernández
Kibo Ventures



“Our vision is to see that the boards of companies in Europe are a mirror of society. If we want to reach this, we need to invest more diversely. This will be beneficial to the economy as a whole, as it unlocks the very much needed untapped potential of diverse founding teams.”

Gesa Miczaika
Auxxo Female Catalyst Fund



“A strong and collaborative European VC ecosystem generates entrepreneurialism that enables more innovation and gets it to market, creates more high-value jobs, and ultimately secures a strong and interdependent European Community that thrives on the foundation of democratic principles and the rule of law, and the values of freedom, equality, and solidarity.”

Warner Philips
Rubio Impact Ventures



“Our core belief is that venture style returns and positive climate and societal impact can not only co-exist but can be mutually beneficial.”

Christian Hernandez
2150



“Technology is where most new jobs are created, and technology lives and dies by a strong VC ecosystem. With Europe in dire need of industrial and economic dynamism, a stronger tech and venture ecosystem should be a priority for all policymakers.”

Philipp Moehring
Tiny Supercomputer Investment Company



“Access to venture capital enables European startups to compete on a global scale. Successful startups backed by venture capital often reinvest their profits into new ventures or the local economy, creating a desirable multiplier effect in Europe.”

Maria Wasastjerna
Kvanted Ventures



“Deep tech startups have the highest potential for societal impact, but require substantial investment to move from research and development to commercialisation. More deep tech investment will help propel European tech competitiveness and address societal challenges through groundbreaking innovation in fields like biotechnology, cybersecurity, and renewable energy.”

Leesa Soulodre
R3i Capital



“Technology startups are shaping the world’s future economy. We, as VC investors, have the responsibility to help these companies create a better tomorrow. Paying special attention to diversity is both a matter of being competitive—we all know that enhancing diversity in companies is key to leveraging team performance—and being fair—company boards should mirror society, and we’re still far from that. At Aldea, we are working towards a more diverse European tech ecosystem.”

Nùria Zaragoza Vicente
Aldea Ventures



“Rapid technological growth needs to be sustainable and ethically done for the entire society to benefit, not just a small fraction of it. VC is a game of courage, vision, and trust and it goes with people willing to challenge the norm and pave the way for a world of transformation. Let's find more of those people and give them their reasons to engage.”

Alex Burciu & Irina Misca
Fortech Investments



“The role of VCs is to provide deserving entrepreneurs with resources and guidance to help them be successful, taking an amount of risk that no other institutions would. We’re leveraging a new set of tools to include more angel investors in the ecosystem, riding the European wave of angel investment and unlocking capital that was traditionally invested in stocks, real estate, or elsewhere.”

Marco Scotti
Raspberry Ventures



“In a changing world, security of innovation is going to be increasingly important as will self-help from within Europe.”

Alan Merriman
Elkstone



“When we started Bootstrap Europe ten years ago, we only wanted to talk about the excellence of our investments. We built a team of nine nationalities and 50/50 female/male investment committee members that are experts in growth lending. We can't wait for a world where we don't need to talk about diversity.”

Stephanie Heller & Fatou Diagne
Bootstrap Europe



“We must work to change the European venture capital sector top down by ensuring the asset allocators are part of the solution to make venture a diverse and inclusive environment. It is proven that capital allocated to female-led and co-led funds of funds and VCs delivers strong returns and societal impact!”

Marzena Bielecka
Experior Venture Fund



“Venture capital invests in companies that will define the future economy and the products and services that people interact with on a daily basis. The VC industry has a responsibility to invest in founders that are scaling companies in a responsible way that will help create the economy that most people want to live in.”

Camilla Dolan
Eka Ventures



“To level up European VC, we need a mega-collab between governments, universities, and the private sector — think of it as creating the ultimate support network for startups. We need to pump more funds into not just any ventures but those that are here for the long haul and make a real difference. Let’s push for venture capital that dares to disrupt and drives us towards a brighter, more sustainable future.”

Maria Tapia
Earthstar Investments



“Venture capital brings funding to the table that is less risk averse and has a longer horizon than other types of investment. As a result, VCs are more willing to finance innovative, potentially unproven ideas that push the boundaries of technology.”

Rana Yared
Balderton Capital



“European venture capital has the opportunity to lead on impact while also delivering superior returns. However, the only way to really increase the impact side of European venture is for impact funds to show superior returns consistently. Yes, defining impact is important, but more important is to show the twin returns of impact and profit.”

Vivien de Tusch-Lec
RYSE



“VCs and LPs need to use the leverage of being in the position of allocating capital to foster diversity and inclusion across the value chain. It’s the right thing to do from an ethical perspective, but it’s also been proven over and over again that it’s good for business.”

Romain Diaz
Satgana



“The future of Europe will depend on innovation and operational excellence, and startups are playing an integral role. This report helps investors, entrepreneurs, and policymakers to make informed decisions whilst emphasising the impact of diversity, leading to more creative problem-solving, better decision-making, and ultimately, more successful ventures.”

Michaela Bessell
Henkel dx Ventures



"Capital has voting power. By entrusting it to female investors and startup founders, we unlock diverse perspectives and innovative ideas. This approach not only shapes a future where the broader population's needs are met but also fosters a world where everyone has the opportunity to thrive.”

Iwona Cymerman
Funding Box



“I’d like to see the leaders of the European VC community establish an industry-standard social impact mandate for VC funds and portfolio companies to collaboratively grant investment allocations to female and minority-led venture capital syndicates that are purpose-built to provide access to and aggregate smaller check sizes from emerging, values-aligned, and value-add female and minority accredited investors.”

Samina Rind
#highminded ventures



“The SEIS, EIS, and VC investment more broadly are the lifeblood of startups and scaleups, fuelling innovation, job creation and economic growth. This sector plays a fundamental role in driving forward solutions to some of the most significant global challenges we face, supporting entrepreneurs to bring their visions to reality and enabling businesses to reach their full potential.”

Christiana Stewart-Lockhart
Enterprise Investment Scheme Association



“We have to provide an environment where our talented founders feel they can grow within Europe both from a revenue perspective and venture capital.”

June Angelides MBE
Samos Investments



“Positron Ventures helps and funds Europe-based scientist-entrepreneurs who are pursuing moonshots for (planetary) health. We consistently observe that diverse teams perform better and are crucial for fostering a fair and inclusive future. In addition to factoring this into our investment decisions, we aim to encourage more women and underrepresented groups to pursue a career in science and entrepreneurship.”

Julia Wagner
positron.vc



“Supporting sustainable innovation and change is essential to advance global progress.”

Emmanuel Cassimatis
SAP



“The VC industry holds not just enormous potential, but huge responsibility, to transform the future bounds of science and innovation. We’re extremely excited to be a part of such a dynamic industry, and playing our part.”

Pippa Lamb
Sweet Capital



“VC is a vehicle to accelerate the commercial success of top European research. We need interpreters that can speak both the language of the research world and the business world.”

Pia Erkinheimo
The Finnish Climate Fund



“VCs play a pivotal role in providing funding for innovative projects, fostering a level playing field where all ventures, regardless of their founders' backgrounds, can thrive. To truly foster inclusivity and innovation, VC teams must mirror the diversity inherent in society itself.”

Bettina Denis
Revaia

Methodology

Our VC and LP Survey

Supported by [Global Counsel](#), we surveyed 334 VC firms and LPs across Europe to understand their diversity and impact strategies, and how they make their investment decisions.

Total combined percentages shown in some of our data charts do not add up to 100%. This is because some respondents answered ‘don’t know’ or ‘other’ to some of the survey questions but these data points are not included in the charts.

More about our survey respondents:

- 55% describe their gender as female, 43% male, 2% preferred not to say.
- 76% are from VC or growth funds; 24% are LPs.
- LPs include individual LPs, funds of funds, family office LPs, investment firm LPs, philanthropic LPs, pension fund LPs, and others.
- 50% are VC general partners, 14% are partners, 13% are principals, 7% are ESG or investor relations directors.
- 65% are headquartered in Western Europe, 15% in CEE, 7% in Southern Europe, 7% in North America.
- Of the VC funds we surveyed, 43% have 50% or more women employees, 34% have 50% or more women partners, and 30% 50% or more women in their executive committee.
- 47% have under €100 AUM, 31% €100m-€499m, 9% €500m-€999m, 10% €1b-€4.99b, 1% €5b+.

- 16% have 0-9 portfolio companies; 30% have 10-24; 29% 25-49, 12% 50-100; 13% 100+.
- 33% have an average ticket size of less than €1m; 88% have an average ticket size less than €4.99m; 11% have an average ticket size of €10m+. We can therefore assume that most VCs we surveyed invest mostly in early-stage companies and investment rounds.

Limitations:

- The spread of our survey is skewed towards Western Europe, both because that’s where more VCs and LPs are active and also because of our network (Founders Forum Group / Tech Nation).
- The spread of our survey is also skewed towards women, with 55% of respondents describing their gender as female and fairly strong representation of women among the VC funds we surveyed.
- The survey results provide valuable insight into the perspectives of VCs and LPs, but do not equate to findings on the VC /LP market as a whole.
- ‘Impact’ is not well-defined and so there may be incongruence in terms of data provided.
- Our findings rely on secondary research that, by definition, is subjective. Even after our data analysis, results are still dependent on the respondents of the survey, as with every survey data analysis.

Even if we cannot make direct inference on the data, we believe that our findings are backed by available data and therefore trust that the trends illustrated in this report hold true.

Investment and Startup Data

To provide an overview of the European venture capital ecosystem, we used European tech startup and investment data provided by [Dealroom](#), covering valuations, investments, funds, unicorns, and growth sectors. Currency data was converted from dollars to euros at a rate of €1 = \$1.1.

The figure for the annual value of the European tech ecosystem is based on the combined sum of the valuations of European tech companies founded since 1990 for each year over the past decade. Other regional valuation figures follow the same corresponding criteria.

VC investment figures (money raised by tech startups) include all venture-type investments, from VCs as well as corporate venture investments and venture investments by family offices, angel networks, crowdfunding, sovereign wealth funds, crossover funds etc.

Unicorn companies include companies that are privately valued at \$1b+ that are not public companies. Unicorn numbers include companies founded and headquartered in Europe.

Women (co-)founded startups are startups with at least one woman founder or co-founder. Impact startups are startups that actively address one or more of the UN Sustainable Development Goals. [Click here](#) to read more about the impact definition.

Western Europe includes the UK, Ireland, Germany, France, Netherlands, Belgium, Austria, Switzerland, Luxembourg, Liechtenstein, Andorra, and Monaco. Southern Europe includes Italy, Spain, Portugal, Greece, Malta, Cyprus, Andorra, San Marino, Gibraltar. CEE includes the Baltics and other central and Eastern European countries.

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As our community grows, Founders Forum Group continues to expand via incubation, investment, acquisition, and partnership.

We welcome collaborations with individuals, organisations, and governments who share our mission in promoting entrepreneurship and *driving positive change through technology.*



Powered by Founders Forum Group, Tech Nation is the leading growth platform for tech insights, collaboration and talent, equipping ambitious founders with the access and knowledge they need to grow from seed stage to success story.

This year Tech Nation proudly relaunched the Climate, Libra and Future Fifty growth programmes, with the Rising Stars pitch competition for early-stage tech startups due to relaunch very soon! Explore our programme portfolio on the right...

Join us on this journey
technation.io



About European Women In VC



Driving change by empowering diversity in VC

European Women in VC is the largest network of senior female venture capital and growth investors from all over Europe and beyond.

We address the gender imbalance in the venture capital ecosystem and highlight the achievements of female-led and mixed teams in terms of financial returns and societal impact.

Together with a community of over 1,000 investors, founders, limited partners, public and private institutions, stakeholders, women working in tech, and male allies, we want to magnify female influence across the VC, asset management, and startups and technology space.

The increase of female presence in venture capital contributes to economic growth, fosters innovation, and drives societal change. Join us and let's pave the way together for new products and solutions to come to the market.



Assets under Management

Fire power of the female GPs is **9%** of European VC AUM



Funding for female startups & mixed teams

VC capital invested in mixed teams is of 15% while in female-led startups is under 3%

(in absolute terms)



Assets Allocators

When fundraising, only **20% of the LP interactions are with women**, from which only half of them have allocation decision-making power



Outperformance of diverse managers

An increase of 10% point in female presence on decision making level in VC is correlated with a **1.3 % point increase in IRR**



Capital productivity and resource use

In CEE, women-founded startups generate more revenue per Euro invested and outperform in capital productivity by **96%**

What we have done so far

3 reports on the VC landscape from gender perspective

Presented at over 100 conferences and meetups across Europe; more than 120 interviews and mentions in media and in follow on research papers

50 “Meet the LP” sessions

Weekly meetings to introduce leading LPs from Europe, US and Israel who invest in VCs and growth funds

>1,000 network members, supporters, female and male allies

Gathering exceptional women and men who actively support our mission

> 50 partners

Including VC funds, LPs, public institutions, communities and corporates

> 17 k on Substack + 6 k newsletter subscribers on LinkedIn

Including VC funds, LPs, public institutions, communities and corporates

21 k LinkedIn followers

European Women in VC is a strong, organic and engaged online community

European Women in VC Newsletter

Make sure to subscribe [HERE!](#)



Report 2023: “Achieving Superior Returns with Gender Diversity in European Venture Capital Firms” - covering all of Europe



Report 2022: “Role and importance of women as cheque writers and start-up founders” (first ever pan European report on EU27 + UK)



Report 2021: “Funding in the CEE through the lens of gender diversity and positive impact”



White Paper petition written by 27 European GPs and handed over to the European CMSR Mariya Gabriel, proposing 3 fundamental solutions to tackle the problem of capital imbalance in VC sector (signed by over 1500 VC Ecosystem professionals)



Workshops co-organized with European Commission (over 100 participants) and EIB bring the same understanding and propose solutions to the topic of VC diversity - in Oct 2021 (online) and Nov 2022 (in Sofia, Bulgaria).