



Diversity study September 2022

Gender distribution in
the boards of Finnish
private equity-backed companies

Overview of study and methodology

Key findings

The share of female board members in private equity-backed companies has remained low at **11%** in 2021, with the rate ranging from 6% in venture capital-backed firms to 14% in growth-backed firms.

However, for firms where we could measure the change over three years of PE-ownership (2019–2021), the share of women on boards seems to be increasing, with the figure rising from 11% to 14% in growth-backed firms and 13% to 17% in buyout-backed firms.

There are clear differences between industries, with consumer goods and consumer services firms having the highest share of women (14–21%) on boards and business products and services and technologies having the lowest share (3–7%).

Compared internationally, the share of women on boards of portfolio firms is lower than in Sweden (19%) but comparable to mid-sized unlisted Finnish firms (13%).

Methodology and constraints

This study by PwC/Strategy& and the Finnish Venture Capital Association (FVCA) examines gender diversity on the boards of Finnish private equity-backed companies. The data was gathered through a survey from members of the FVCA on companies currently in their portfolio. The sample comprised 411 portfolio companies, 94 of which were categorised into buyout, 87 into growth and 230 into venture capital.

The data was collected from the investors via a survey with self-reported answers. Apart from simple cleansing, it has not been validated by PwC/Strategy& or Finnish Venture Capital Association.



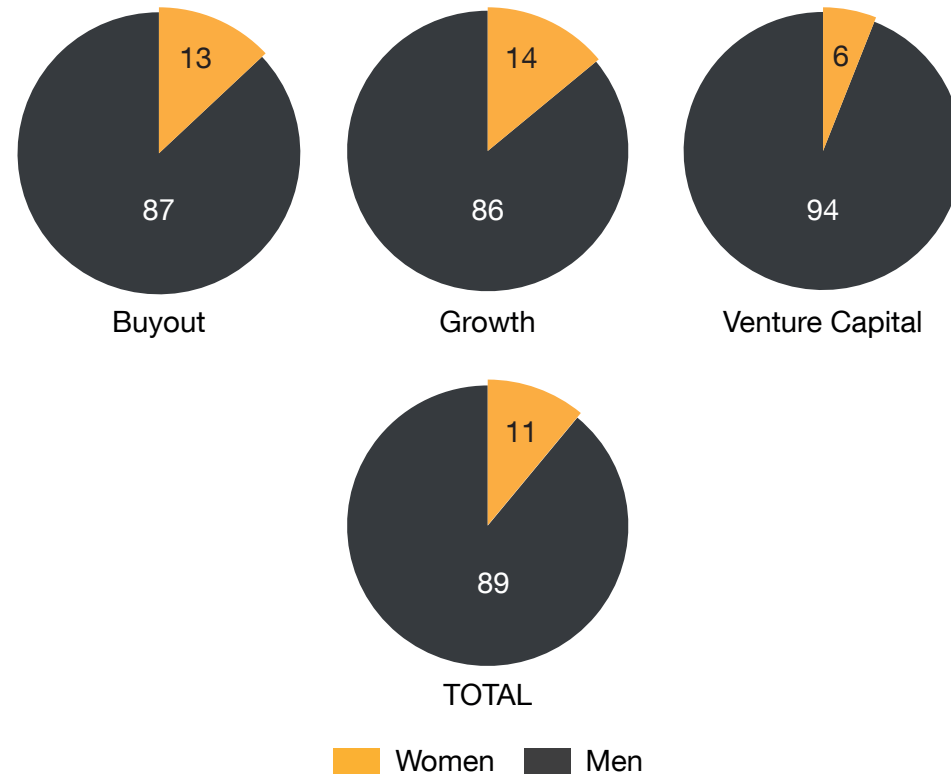
The share of female board members in private equity-backed companies has remained low at 11%

In 2021, women accounted for 11% of the board seats in private equity-backed companies, which is one percentage-point more than in 2020 but the same as in 2019.

There are clear differences between different investment classes with venture capital having the lowest share (6%), whereas at buyout-backed and growth companies, 13% and 14% of the board seats were held by women, respectively.

These figures are similar to previous years with women having 8% of board seats in venture capital-backed firms in 2019 and 2020 and 13% and 14% in buyout-backed firms. The slight decline in female board members in venture capital firms is due to growth investment not being reported as a separate category in previous year's reports but instead being included in the two other categories (mostly in venture capital). Growth firms are typically larger and more mature firms and tend to have more women on boards than venture capital portfolio.

Average gender split on boards by investment class
%, 2021



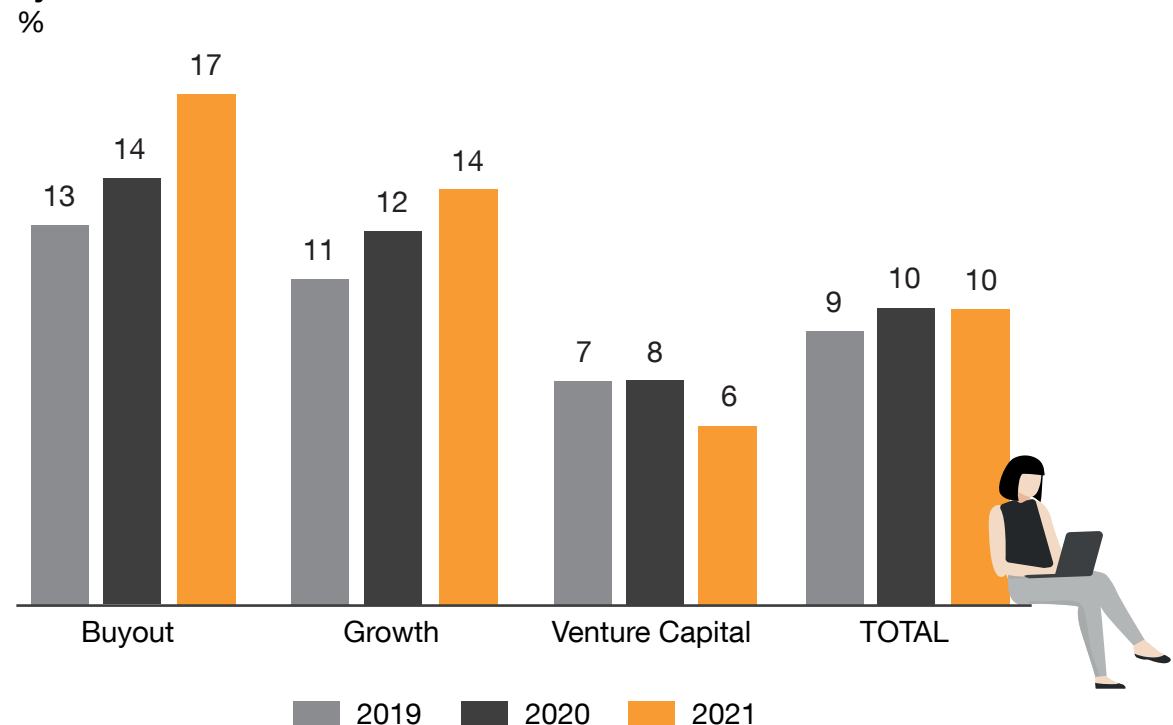
Buyout and growth backing seems to have a positive impact on the share of female board members during ownership period

When focusing on the subset of companies that have reported their figures for the three consecutive years 2019–2021, we can better see the impact that private equity investors have on the companies they own. Within these 124 firms the average share of women had increased from 9% to 10% over the time period.

Again, there are significant differences between investment classes with buyout-backed firms showing a clear positive trend with the share of women rising from 13% to 17% and growth-backed firms increasing from 11% to 14%. However, in venture capital-backed firms women's share of board seats actually declined from 7% to 6%.

It is not clear what is driving this development. On average, buyout-backed firms are larger, which is typically correlated with a higher share of women. Also, they have larger boards with 4.8 people on average vs. 4.0 for venture capital-backed firms, which makes it easier to increase diversity in board composition.

The share of women on boards with companies reporting for 2019-2021 by investment class



Clear differences between industries with the share of women highest in consumer goods and services and life sciences

There are clear differences between industries in the share of women's share of board seats. Among growth and buyout-backed firms women are most represented on the boards of consumer goods and retail (21%) and consumer services and life sciences (both at 14%) firms. The lowest shares are in technologies (8%) and business and industrial products (7%).

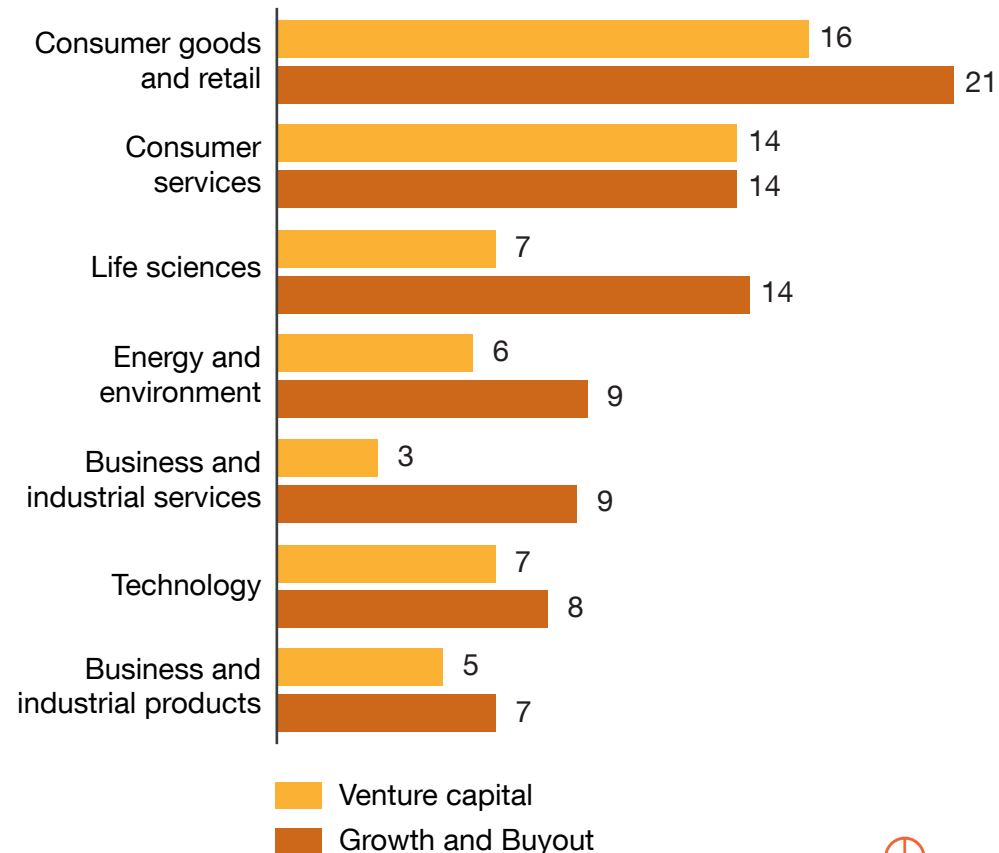
The differences are also visible in venture capital-backed firms where there is a 13 percentage-point difference between the share of women on the boards of companies in consumer goods and retail (16%) and business and industrial services (3%).

These differences reflect the Finnish company landscape in general where the share of women on the boards of healthcare firms is three times as high as on information technology firms¹.

1) Tesi: Suomalaisien yritysten hallituskokoonpanot 1.4.2022

Note: n for industries ranges from 6 (growth + buyout for consumer goods and retail) to 96 (VC for communications)

The share of women on boards by industry, VC firms and growth + Buyout %, 2021



The share of women on boards is roughly in line with Finnish similar-sized private firms but below Sweden

The share of women on boards in private equity-backed firms can be compared both internationally and with the broader Finnish economy.

Internationally, Swedish Venture Capital and Private Equity Association published a study of 108 portfolio companies in which 19% of board members were women¹. This sample was weighted towards larger companies so it is best compared to Finnish buyout-backed firms.

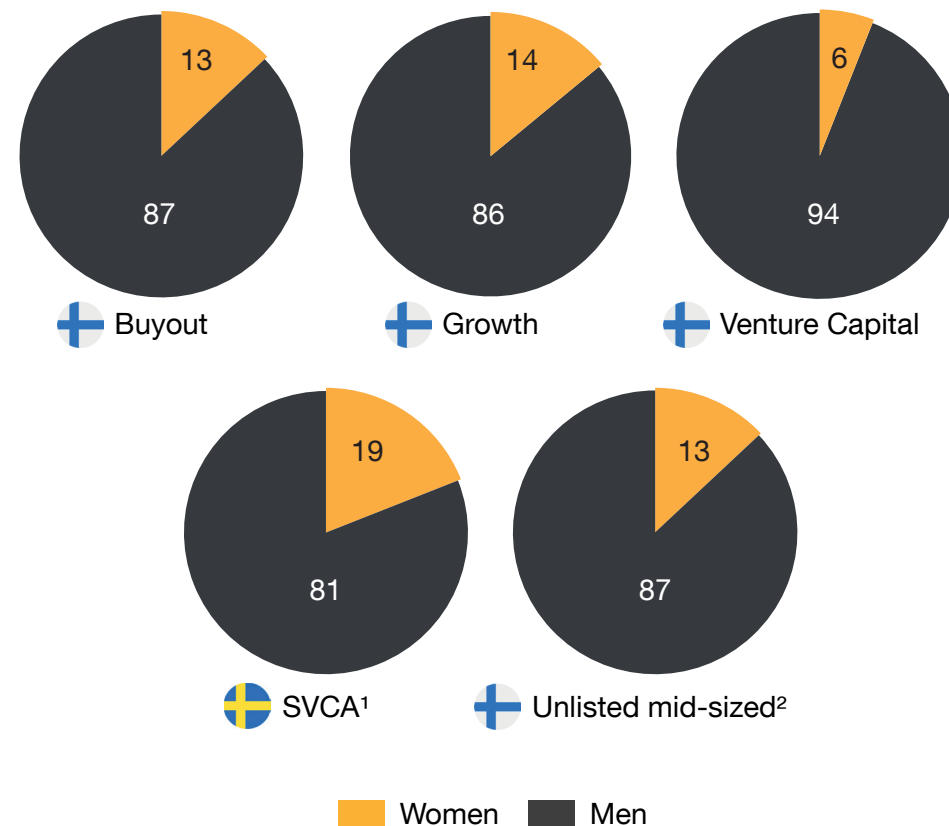
TESI, the Finnish state-owned investment company, published a study of board diversity of Finnish firms². There, the share of women on unlisted mid-sized firms (see definition below) was 13%. This is the group that best matches the growth and buyout-backed firms in terms of size.

So while the share of women on the boards of Finnish private equity-backed firms seems to be in line with the broader Finnish economy, it is clearly behind Sweden.

1) SVCA: The ESG Status of Swedish Private Equity (2021)

2) Tesi: Suomalaisien yritysten hallituskokoonpanot 1.4.2022 Mid-sized firm = 50-250 employees and revenue of €10-50M or balance sheet of €10-43M
Source: SVCA, Tesi

The share of women on boards
%



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It is clear that our work to promote diversity and inclusion will continue. We want to attract top talent to the private equity and venture capital industry, startups, and growth companies.

Finnish Venture Capital Association



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