Europe & UK
GenderSmart Regional Brief
December 2020
Thank You to Our Supporters

Founding Partner

❄️ UBS

Momentum Supporters

Australian Government
INVESTING IN WOMEN
An initiative of the Australian Government

Morgan Stanley

VISA Foundation

Velocity Supporters

CDC
OPEN SOCIETY FOUNDATIONS

Kinetic Supporters

BLUEHAVEN
FinDey Canada
UKaid

Magnifying Supporters

Bank of America
compton foundation
DFC
European Bank
for Reconstruction and Development
FMO

Global Affairs
Canada

Affaires mondiales
Canada

IDB

IFC
International Finance Corporation

Women Moving Millions

Stardust

Quantum Supporters

European Investment Bank

Beyond Capital

BIG/SOCIETY CAPITAL

Brown Advisory

Cambridge Associates
Credit Suisse

Moody’s

Open Road

Moxy Future

TARA Foundation

Tiime

UK Government
Gender lens investing in Europe and the UK is growing rapidly, with an increasing number of investment vehicles in almost all asset classes.

In a private market context, women-driven companies in the EU received €5 bn in VC funding in the first three quarters of 2018 (up from €1.1 bn in 2010). Startups founded by women entrepreneurs received approximately 11% of overall venture investment in 2017 (that rate varies significantly by country).

Gender lens investing in public markets is less developed in Europe than in the US, with only about seven ETFs identified and no active gender bonds. However, methodologies used by European ETFs are quite sophisticated: UBS and Lyxor use the Equileap index, based on 19 criteria including sexual harassment policy and supply chain diversity. The iShares index based on 24 criteria by Refinitiv (Thomson Reuters).

Furthermore, unlike in North America, government agencies (such as Scottish Enterprise and BPI France), supported by other public sector initiatives, are the most active investors in women-led companies.

Investors in the European Union show interest in or familiarity with funding women-led companies in a restricted range of industries or vertical markets, like retail and consumer packaged goods, or social sectors, such as education and healthcare.

In Europe, there are many initiatives operating at the intersection of gender and climate. For example, 5 of the 15 gender lens private market funds headquartered in Europe recorded by Project Sage have a focus on the environment. Katapult Ocean is an accelerator with a fund that has a blue economy, and climate and gender angles. EIB also has a roadmap that looks to mobilise €1 trillion in investment for climate action in the decade to 2030, with a strong gender-responsive focus.

**Snapshot**

- 32% of VC funding that went to companies with 1+ female executive in 2017
- 92 in every 100 dollars invested in Europe went to all-male teams in 2018
- <25% of businesses in the UK’s five most productive sectors are women-owned
- 83% of UK VC deals in 2019 were to startups with no women on the founding teams
- 0.02% of total UK venture funding in the last 10 years went to black women
- 1% of UK venture funding goes to all-female teams
Market Gap and Potential

On the demand side, women constitute only 30% of startup entrepreneurs in Europe.

Lack of access to capital is perceived as the main challenge for women-led businesses. Data shows that women launch businesses with about 53% less capital than men, and are much less likely to take on debt. All-female teams are also unlikely to receive support from VC’s, with only 1% of all venture funding going to businesses founded by all-female teams in 2017.

Black women-led companies were even less represented, with only 0.02% of total venture capital invested over the last 10 years went to Black female entrepreneurs in the UK.

In the context of COVID, additional caretaking and the economic fallout have created additional funding challenges for women-led/owned ventures, but according to this Crunchbase survey, female founders in Europe report feeling more supported by public sector policies and other measures.

Women-led companies attract more investment at later stages, which could be explained by the fact that mature companies are more likely to hire women in executive positions. However, they struggle to attract early-stage investment. One explanation could be that many tend to be smaller, less capital-intensive and less growth-oriented (although there are some high growth companies in the mix). There is an opportunity to look at investment models that could better respond to the needs of women-led companies, especially when it comes to early-stage investments.

A recent report highlights the lack of female investors as one of the main barriers to scaling gender-smart investing. Women with decision-making power are more than twice as likely to invest in female-led enterprises compared to their male counterparts. Yet women account for only 13% of decision makers in British VC firms.

Women-led companies in the UK, France and Germany raised the highest level of series C funds.
Regional Players: A Snapshot

Private Market Funds and VC With a Gender Lens

There are a number of new PE/VC vehicles that are about to launch, but have not publicly announced. One is based in the UK but is pan-European plus Israel and has an explicit gender lens mandate prioritising tech-enabled companies with a focus on climate solutions, education, health and mental wellbeing. One is an impact fund in Luxembourg with an explicit gender lens mandate, across Europe. There is also a female led pan-European strategy with a commercial but impact lens whose focus is European tech-enabled agriculture, food and health.

Many funds are based out of UK/Europe but have a focus on emerging markets. We have only listed those with a UK/European mandate. Please note: the below is not an exhaustive list.
Snapshot of active GLI funds

**The UK Enterprise Fund**
Announced in March 2020 as a result of recommendations from the Alison Rose Review. It is a partnership between Coutts and the Business Growth Fund (BGF) that will provide funding, growth capital and support to entrepreneurs, with a specific focus on female-led businesses and management diversity.

**Astia**
Astia is both a 5000 member strong investor network AND a fund. They invest and have investors globally but have their strongest footprints in the US, Europe and the UK.

**Borski Fund**
Provides seed, Early Stage, Series A/B funding to teams with at least one female member, seated at the executive level with an equity stake, or to companies with a focus on women. Four of the largest banks in the Netherlands are LPs.

**Karmijn Kapitaal**
Karmijn Kapitaal Fund II was created in 2015 and is now on Fund 3. Their funds invest in Private Equity in companies that have at least one woman in their leadership team.

**Women in Safe Homes**
A private gender lens real estate fund launched in 2019. Managed by Patron Capital and Resonance, the fund will invest directly in residential homes across the UK and partner with women’s sector charities to enable them to offer safe homes to women in challenging circumstances.

**We Are Jane**
We are Jane is a fund investing in Private Equity, founded and managed by three women. Companies must have female CEO or a majority of female shareholders to be included in the investment universe.
Snapshot of GLI funds: continued

**Competitive Start Fund for Female Entrepreneurs**
Operated by Enterprise Ireland, launched in 2019. 15 early stage and women-led start-up companies were offered a place on the Innovate accelerator in Dublin and received up to €50,000 in equity.

**The Next Women Fund**
The Next Women Fund provides a platform for joint investments by female investors (an angel syndicate). The Next Women is also a network of female founders and investors. This is from the same team as Borski Fund.

**Espira Fund I**
The fund is supported by Horizon 2020 and EFSI and invests in companies with at least one woman in a leadership position.

**Impact X Capital**
Impact Capital is a venture capital company founded to support underrepresented entrepreneurs across Europe. They invest in companies led by underrepresented entrepreneurs (such as women and racially/ethically diverse groups) with the potential to positively impact lives on a global basis.

**Ada Ventures**
Addresses the funding gap in the tech industry. The British Business Bank cornerstoned the fund through its Enterprise Capital Funds (ECF) programme, and the remainder are a mix of private investors. This fund is based in the UK and is led by a gender balanced team.

**Voulez Capital**
A UK based fund that focuses on female founders in tech and tech-enabled businesses. The fund also invests in companies that address problems faced by women and working parents.
Snapshot of GLI funds: continued

**Impact Bridge**
Based in Spain, Impact Bridge is an asset management agency investing in impact-driven projects. They have a fund of fund structure with gender as a core theme.

**Aqua Spark**
A global evergreen investment vehicle focused on sustainable aquaculture businesses to address the planet’s health and food security. Co-led by Amy Novogratz and Mike Velings, they do not have a gender lens mandate, but they do have a gender-balanced investment team and investment committee, and some women founders in their portfolio.

**Katapult Ocean**
Funds start-ups making a positive impact on the world’s oceans. In addition to the financial investment, each company they invest in participates in a 3-month accelerator program to support growth and impact. Five of their first 36 investments so far, have been into women-led companies.

**Rising Tide Europe**
This is part of a global movement to increase women’s participation in angel investing. They provide a learning-by-doing experience, including building and investment portfolio, investment and the development of a global angel community of successful businesswomen across Europe, Middle East, Africa and the US. There are over 200 women from over 30 countries that have taken part in one or more of Rising Tide Europe’s programmes, pooling over EUR3.5mn and investing in 16 European early-stage startups.
Public Market Gender Lens Funds

**AXA World Funds Framlington Women Empowerment Fund (AXMPFDG:LX)**
Invests in listed equity and equity-related securities through companies that "create financial and societal value by fostering gender diversity and leveraging on the increasingly important economic role of women". Signatories to the UN Women’s Empowerment principles are also automatically included. $GBP 84.4M

**Lyxor Global Gender Equality (DR) UCITS ETF C USD (ELLE)**
The fund launched in 2017 using the Solactive Equileap Global Gender Equality Net Total Return Index, an equally weighted benchmark of 150 companies from around the world that score highly for gender equality according to the 19 Equileap criteria. $GBP 18.4M

**UBS Global Gender Equality UCITS ETF (USD) (GENDER:SW)**
A partnership between UBS and consultancy Equileap, which has over 300m USD in assets under management. The fund invests in the Solactive Equileap Global Gender Equality 100 Leaders Net Total Return Index. $USD 300M

**iShares Refinitiv Inclusion and Diversity UCITS ETF (OPEN)**
Ranks more than 2,000 publicly-traded companies globally, and invests in the top 100 companies with the most diverse and inclusive workplaces (gender and ethnic diversity). The index is based on 24 metrics across four categories: Diversity, Inclusion, People Development and News & Controversies. $USD 5M

**Mirova Women Leaders Equity Fund (MWLERAE:LX)**
The fund invests in global equities through companies having a positive impact towards the UN (SDG) Sustainable Development Goals, with a strong focus on SDG 5 and companies that are encouraging women’s access to top management positions. $EUR 123.6M

**Ava Gender Equality Tracker**
A passive investment vehicle that tracks the Solactive Equileap Europe Gender Equality Index, which identifies the top 75 European companies in terms of gender balance, equal opportunities and pay). In 2019, the tracker launched on digital savings and investment platform Avanza. $n/a

**Legal and General Future World Gender in Leadership UK Index Fund (GIRL)**
Invests in shares from UK companies from the Solactive L&G Gender in Leadership UK Index. Greater weight is given to companies scoring high against the four gender diversity metrics: the percentage of women at management level, at executive level, on the board and across the workforce. $GBP 6.5M

**Lazard Minerva Gender Diversity Strategy**
An active global equity strategy aiming at investing in companies that demonstrate both high financial productivity and a clear commitment to gender diversity. The strategy relies on the concept of “impactful ownership”, whereby portfolio managers actively engage with companies to drive financial returns and social impact. $n/a
Advocacy Networks, Consultancies and Accelerators

**30% Club**

The 30% Club is a global campaign led by Chairs and C-suite executives aiming at increasing gender diversity at board and senior management levels. The campaign has presence in multiple countries/regions around the world. While the campaign has taken gender diversity as its main goal, campaigners admit that taking into account ethnicity, disability, sexual orientation, socioeconomic background is key to creating a culture of diversity.

**Women in Social Finance (UK)**

Women in Social Finance (WISF) is a private network of senior women working across the spectrum of social finance, with close to 100 members mostly in UK and Europe. WISF aims to raise visibility of senior women working in the field, and also supports promoting more women as investment committee members, and promoting the field of gender lens investing.

**Diversity Forum for Inclusive Social Investment (UK)**

The Diversity Forum was set up in 2018, to encourage the social investment sector to become more diverse and inclusive. It convenes peer-learning networks, commissions research and toolkits in this area and holds impact investors to account.

**Diversity.vc (UK)**

Diversity.vc is a non-profit partnership promoting diversity in venture capital. It recently launched diversity standards for VC firms, and their first report in 2017 focused on Women in Venture Capital.

**Equileap (Netherlands)**

Equileap is a social enterprise based in the Netherlands and providing comprehensive global database on gender equality. Its metrics include female representation, the gender pay gap, parental leave and anti-sexual harassment policies. In partnership with index provider Solactive, Equileap has created indexes for ETFs and equality trackers, such as the Lyxor Global Gender Equality, UBS Global Gender Equality UCITS ETF and AVA GENDER EQUALITY TRACKER.

**ShareAction (UK)**

ShareAction is a non-profit advocating for the adoption of ESG and responsible investment strategies by the financial sector. The organisation aims at improving UK policy and fund managers’ practices by “making savers’ voice heard”. ShareAction is currently focusing its work on climate change, good work practice (which includes gender diversity) and driving better health.
**Sista**
A French network of women and men, led by two women, who are determined to increase women funded startups, especially in tech. Goals: “Feminize the dealflow, feminise the investment teams, encourage investment funds to feminize.”

**European Women in VC**
European Women in VC is a community of senior women investors bringing together over 350 women from all over Europe. It is a joint initiative of women from seven countries (Poland, Czechia, Bulgaria, Ukraine, Estonia, Slovenia, Hungary). Kinga Stanisławska, founder of Experior Venture Fund, is a member of the network.

**F-Lane Accelerator (Germany)**
An accelerator programme for early-stage entrepreneurs with ideas that have the potential to drive change by empowering women. The programme is implemented by Vodafone Institute in cooperation with Yunus Social Business.

**GlobalInvestHer**
Anne Ravanona’s initiative includes online mentoring, teaching, coaching, connecting women entrepreneurs to peers and investors.

**ESADE Institute of Social Innovation**
The ESADE’s Institute of Social Innovation has been an academic pioneer in female social entrepreneurship and gender lens investing. It co-ordinated the WISE project (Women Innovators for Social Business in Europe), which offered a comprehensive development programme for female-led social enterprises. The institute also authored the first study on gender lens investing in Europe.

**SheEO**
A global community of radically generous women building a $1B perpetual fund to support women working on the World’s To-Do List. It recently launched in the UK.
Public Sector Initiatives and Public Institutions

**Council for Investing in Female Entrepreneurs (UK)**

Established as a response to the Rose Review, which highlighted gender disparities in the UK financial services. Its main goal is to encourage UK-based institutional and private investors to support and invest in female entrepreneurs. The Council is sponsored by HM Treasury and comprises about 17 commercial banks, investment management firms and VCs (including Goldman Sachs and JP Morgan).

** Investing in Women Code (UK)**

Launched by the UK Government in 2019, the Investing in Women Code already has about 66 signatories (private financial entities), including founding signatories, who commit to: (1) nominate a member of the senior leadership team responsible for improving equality in access to finance; (2) increase transparency and provide data on access to finance for female-led and mixed-gender-led businesses; (3) adopt internal practices to increase success and progression of female entrepreneurs.

**Egalite Femme (France)**

In 2013, France launched its Entreprendre au féminin plan, which aims to increase the number of enterprises founded by women. The plan includes a loan guarantee for female enterprises (Egalité femmes). The programme is implemented through BPI France, the French investment institution.

**DG GROW (European Union)**

The European Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) support networks of female business angels. The Commission also provides policy advice and organises prizes for women entrepreneurs.

**European Investment Bank**

A publicly owned international financial institution whose shareholders are the EU member states. As the EU bank, 90% of their funding is directed towards promoting sustainable growth and job creation. In 2018, it adopted a Gender strategy which clearly states EIB Group’s vision to be “that the promotion of gender equality is to be embedded in its business model - covering the Group’s lending, blending and advising work within and outside the EU”. For example, they have an innovative €30 million impact finance loan programme to support Serbian small, medium and mid-cap companies to improve gender equality, youth employment and social inclusion.

**EIC Accelerator by the European Commission**

This program supports top-class innovators, entrepreneurs, small companies and scientists with funding opportunities and acceleration services. Since 2020, the program committed to select for the interview phase at least 25% of companies with women led SMEs.
Barriers and Innovations

Private Equity/VC

Gender Lens Funds
There is no uniform approach to gender lens investing and different definitions, as highlighted by the last Project Sage Report. However, the most common approach is to target companies with at least one woman in the decision-making team.

In Europe, the most active investors in women-led companies are European government agencies. A certain number of funds originated from a partnership between public financial institutions and private entities (such as The UK Enterprise Fund, Espira Fund I and Competitive Start Fund for Female Entrepreneurs). While the public sector is playing an important role to address the gender financing gap, only France and the UK have central strategies endorsed at the highest level to support female entrepreneurship. On the European level, a recent report suggests that InvestEU, the EU investment programme as of 2021, could act as a catalyst by stimulating gender-smart financing.

Accelerators
Some accelerators specialising in supporting women-led startups have emerged, such as F-Lane accelerator, Grow-F based in Austria and Hatch BAME Female Founders in the UK. HelloWilla in France is an accelerator that supports women-led tech startups. Other examples of a growing field include Google for Startups female founder, AccelerateHer, EIT Food Empowering Women in Agrifood and WILLA Scale in France.

Mobilisation Initiatives
In Europe, especially the UK, the gender lens investing has been growing in tandem with the social investment movement. In 2016, a Young Foundation report recommended increasing the impact of social investment by adopting a gender lens. In 2018, the EVPA published a report about gender lens investing adding value to the European social enterprise ecosystem. There have been efforts to enhance collaboration with the social/third sector, which has a long track record in supporting women and girls and in addressing gender inequality issues. For instance, the Women in Safe Homes fund launched in 2020 is an example of social impact fund with a gender lens, and in order to deepen their impact, they have created a catalytic grant programme alongside the fund so that they can support women-led organisations to be investment-ready. The grant programme also contributes to activities around advocacy and campaigning to ensure that the housing market and commissioners understand the specific needs of vulnerable women.
Public Market Strategies

**Gender Bonds**
No gender bonds are currently being deployed in Europe.

**ETFs**
At least nine ETFs emerged between 2017 and 2018. They use different methodologies but the partnership between Equileap and Solactive, as well as Redefinitiv, are key players in the field. It is interesting to note that in many cases, limited consideration is given to other types of diversity as well as impact on women across the supply chain.

**Sustainability Indices and Gender Indicators**
Most of the ETFs presented in this brief use ESG indicators in combination with gender indexes.

World Benchmarking Alliance, based in Netherlands, is a think-tank which assesses and compares how companies are driving and promoting progress towards the Sustainable Development Goals. Its Gender Benchmark assesses companies in the apparel industry based on 34 indicators, regarding their contribution to gender equality and women’s empowerment across their entire value chain.
Sources

The State of European Tech.
Dell 2018 Women Entrepreneur Cities Study: Rating Global Cities’ Ability to Attract and Support High Potential Women Entrepreneurs.
Lloyd et al., The 2015 Female Entrepreneurship Index: Analysing the Conditions That Foster High-potential Female Entrepreneurship in 77 Countries.
The Young Foundation. The Sky’s the Limit. 2016
EVPA. Interview with Leonora Buckland on Gender Lens Investing. 2018.
Notes and Acknowledgements

This brief was written for anyone working or investing in Europe and the UK, in advance of the GenderSmart regional deep dive discussion in December 2020. It is designed as a snapshot, to provide context and a springboard for discussion, and is not intended to be exhaustive by any means. There are many other noteworthy ecosystem actors not mentioned in these pages.

In particular, we want to acknowledge the organisations who work on gender issues in the region and have contextual expertise relevant to gender-smart investing. They have been omitted from this and other regional briefs for the sake of brevity, but leaders in these organisations are not often invited, resourced or equipped to be at the table in investment decision making or investment conversations. Good gender lens investors want to include, wherever possible, data and insights from key women’s rights or civil society organisations regarding gender patterns relevant to those investments. In developing local ecosystems, it is important to build opportunities for and ability of these organisations to do gender analysis of markets, to provide relevant technical assistance to investors or their investees and to determine how specific gender patterns inform risks and opportunities in investments. Criterion Institute is writing a brief to help investors understand how to find and work with such organisations. Stay tuned for that release.

Thank you to the contributors to this brief: Bonnie Chiu at The Social Investment Consultancy, and Cecile Sevrain and Hedda Pahlson-Moller at Tiime. Additional guidance and edits were provided by Sana Kapadia and Suzanne Biegel at GenderSmart.