

PRIVATE CAPITAL and GENDER GAP

November 2022

WHAT CHALLENGES AHEAD?

AIFI

Italian Private Equity, Venture Capital
and Private Debt Association

BonelliErede

with LOMBARDI



Introduction

In the context of private capital, AIFI has long been a reference point on sustainability issues, promoting the adoption and the integration of suitable ESG practices in the investment process of its members and contributing, at the same time, to spread the culture of sustainability within the financial community as a whole.

The constitution in 2021 of the AIFI ESG Working Table represented one of the most relevant actions implemented by the association with the aim of creating a discussion space for our members on ESG matters as well as to facilitate the identification of relevant topics.

Among those, gender equality and the promotion of diversity and inclusion policies have clearly come up as fundamental. In fact, alongside environmental topics, a fully-fledged ESG transition should take into high consideration also issues related to social, governance, quality of work, inclusion and gender gap.

Operating responsibly in finance means, first of all, being aware of the

responsibility role that organizations play even with respect to human capital, an indispensable resource for company success and an enabling factor for a durable growing process. Promoting gender equality, eliminating gender gap and spreading a culture based on gender balance are fundamental initiatives that represent a guarantee of companies' good functioning, generating also important benefits for the community in general.

The abovementioned considerations led us to the decision to realize, in collaboration with BonelliErede and with the support of our members, the present research on gender equality in private capital in order to assess the state-of-the-art and to focus on the most important areas of intervention. The final aim is to bring the market, within an appropriate time frame, from the current gender gap situation towards a progressive realization of an effective and stable gender equality.

Research promoters

BonelliErede

with LOMBARDI

BonelliErede is the Italian leader in tax and legal services, active in all sectors of commercial and corporate criminal law. Thanks to its offices in Africa, Europe and the Middle East and collaboration with law firms all over the world, BonelliErede is a fully-fledged international player. The Private Equity Focus Team, a multidisciplinary team able to cover all aspects of a private equity deal, has supported this initiative together with the valuable collaboration of AIFI.

www.belex.com

AIFI

Associazione Italiana del Private Equity,
Venture Capital e Private Debt

AIFI is the Italian Private Equity, Venture Capital and Private Debt Association born in 1986 to develop, coordinate and institutionally represent the GPs operating on the Italian market. AIFI associate members are specialized fund and companies that invest in unlisted companies through the management and the disinvestment of shareholdings as well as through flexible and adaptable debt instruments.

www.aifi.it

The analyzed sample

72



PRIVATE CAPITAL GPs
4,700 employees

44



PRIVATE EQUITY GPs

10



MULTIASSET GPs
and others

10



VENTURE CAPITAL GPs

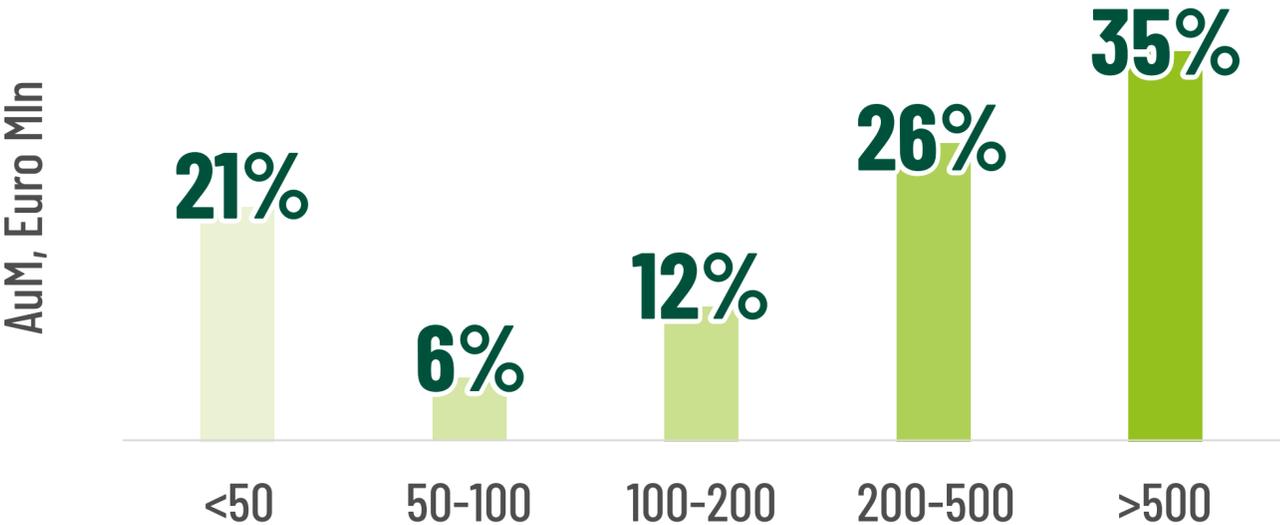
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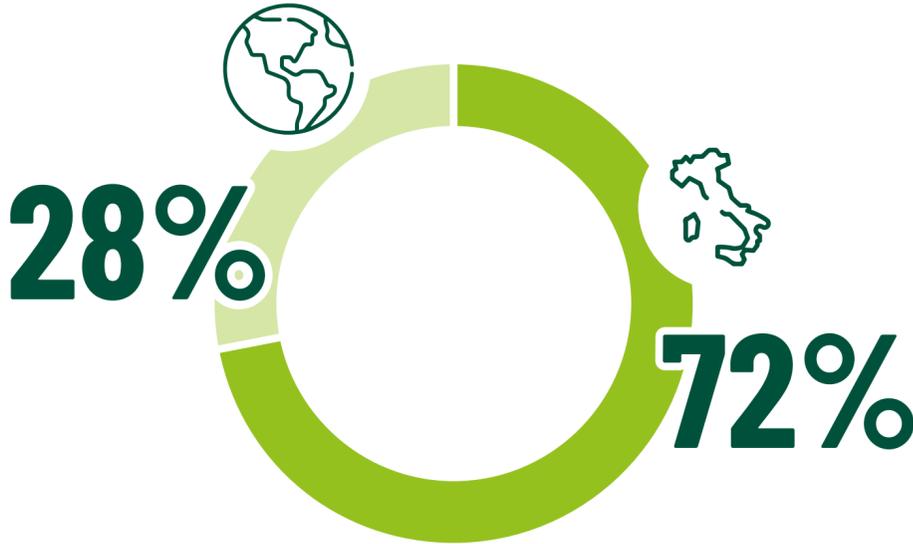
PRIVATE DEBT GPs

Characteristics of the analyzed GPs

DISTRIBUTION OF THE ANALYZED SAMPLE BY SIZE



DISTRIBUTION OF THE ANALYZED SAMPLE BY GEOGRAPHY



95% of the international GPs manage more than 500 mln Euro

Note: in 40% of cases international GPs provided information related only to the Italian office

LEGEND  International GPs  Domestic GPs

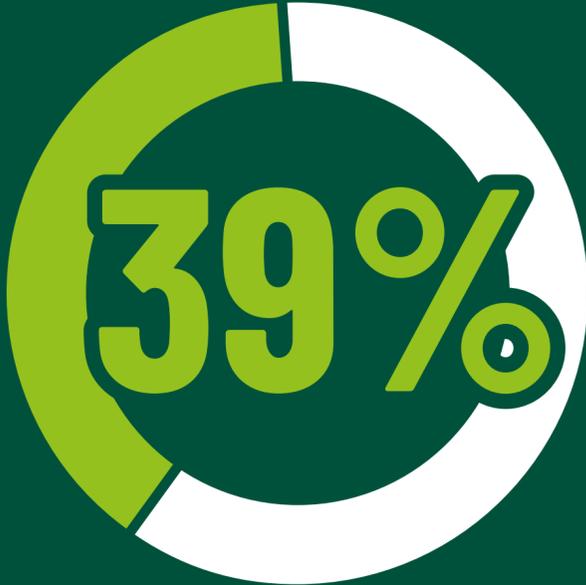
Gender diversity in private capital

GENDER PREVALENCE IN GPs (TOTAL WORKFORCE)

**MALE
PREVALENCE**
GPs with female presence <40%



BALANCE
GPs with female presence 40%-60%



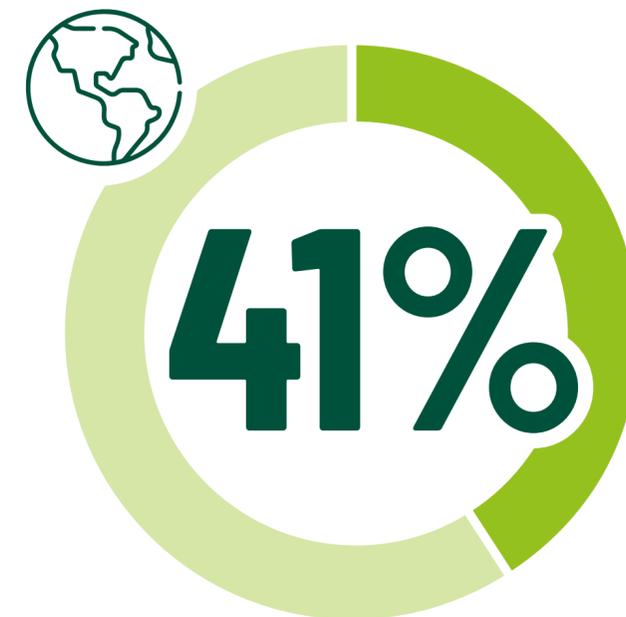
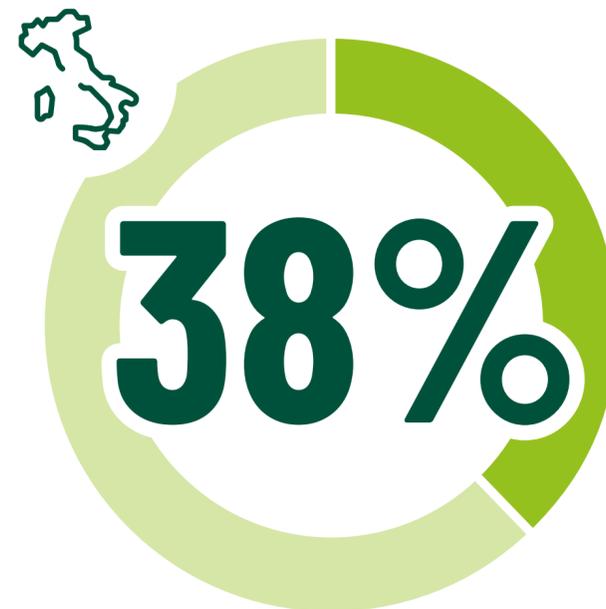
**FEMALE
PREVALENCE**
GPs with female presence >60%



Gender diversity in private capital

TOTAL WORKFORCE

40%



Note: for some of the following elaborations of this report, the analysis took into account only a sample of GPs with complete and available data

Gender diversity in private capital

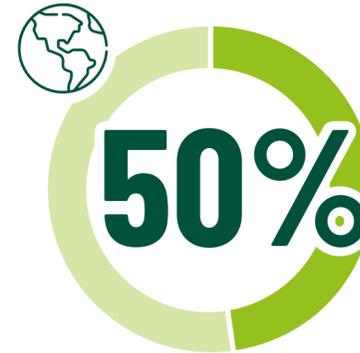
INVESTMENT TEAM

24%



CORPORATE FUNCTIONS

51%



BOARD OF DIRECTORS

18%



Higher female presence in corporate functions such as ESG, Administration, Compliance, Risk, Legal affairs

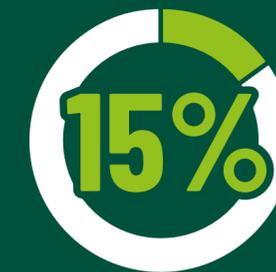
Focus investment team

WOMEN IN THE INVESTMENT TEAM

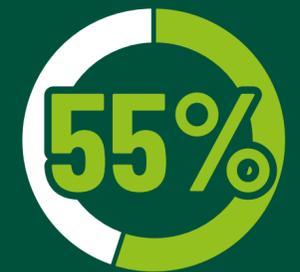
	TOTAL GPs	AUM <100 MLN/€	AUM 100-500 MLN/€	AUM >500 MLN/€
SENIOR	13%	13%	14%	12%
MID-LEVEL	25%	33%	29%	23%
JUNIOR	33%	36%	32%	33%

Women are underrepresented in all levels of employments.
This is even more remarkable for senior levels

GPs without women in the investment team

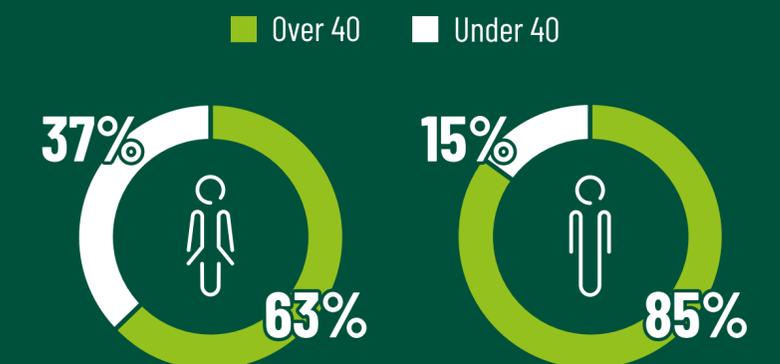


GPs without senior women in the investment team



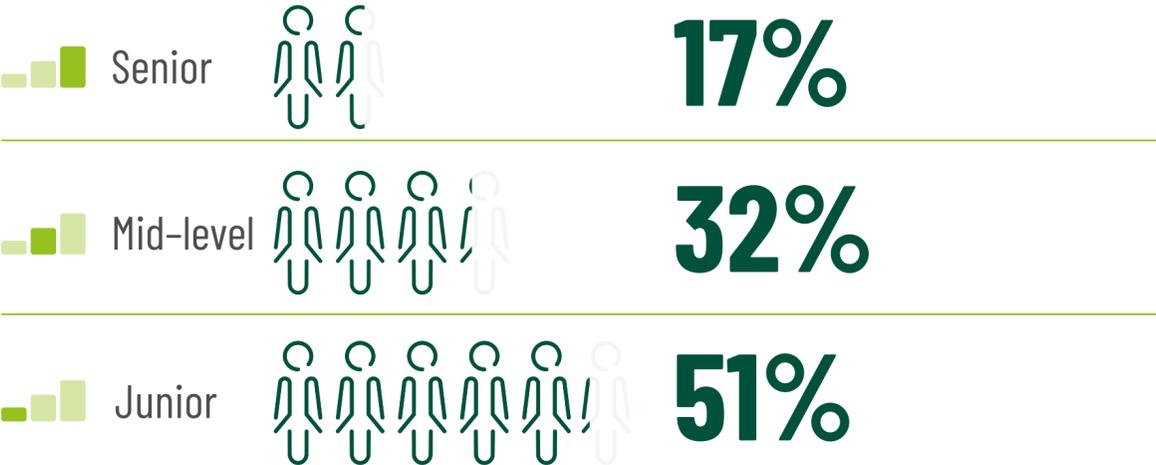
FOCUS AGE: SENIOR POSITIONS

On average senior women are younger than men

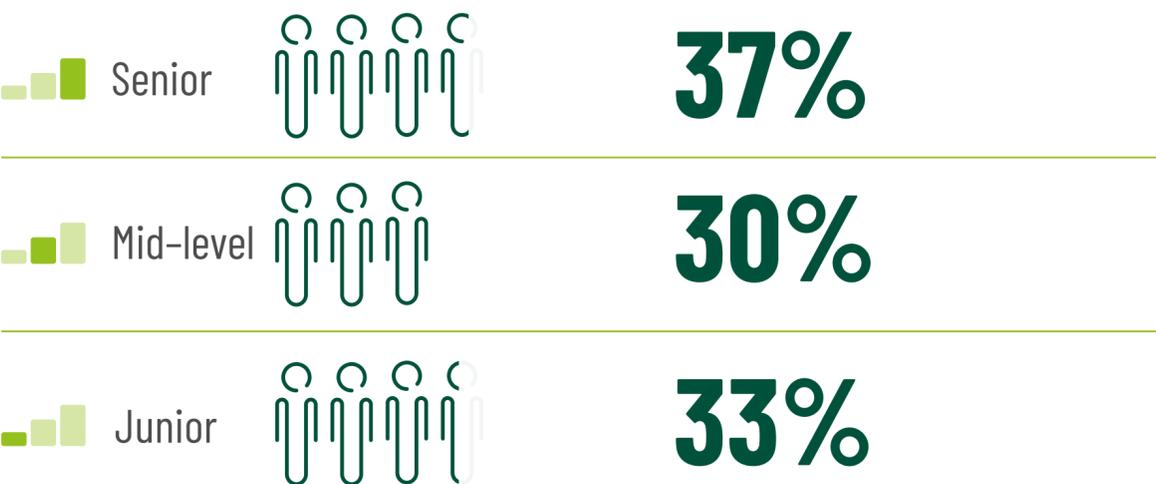


Focus women in the investment team

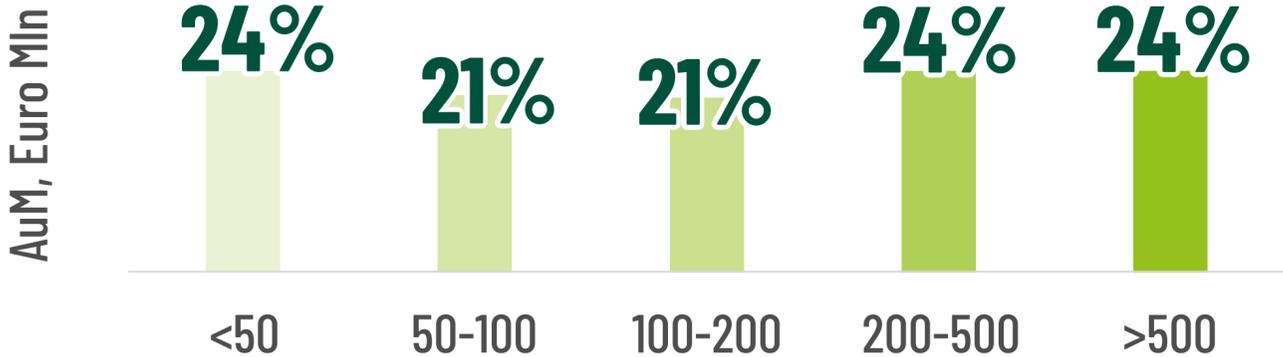
DISTRIBUTION OF WOMEN IN THE INVESTMENT TEAM BY LEVEL OF EMPLOYMENT



DISTRIBUTION OF MEN IN THE INVESTMENT TEAM BY LEVEL OF EMPLOYMENT

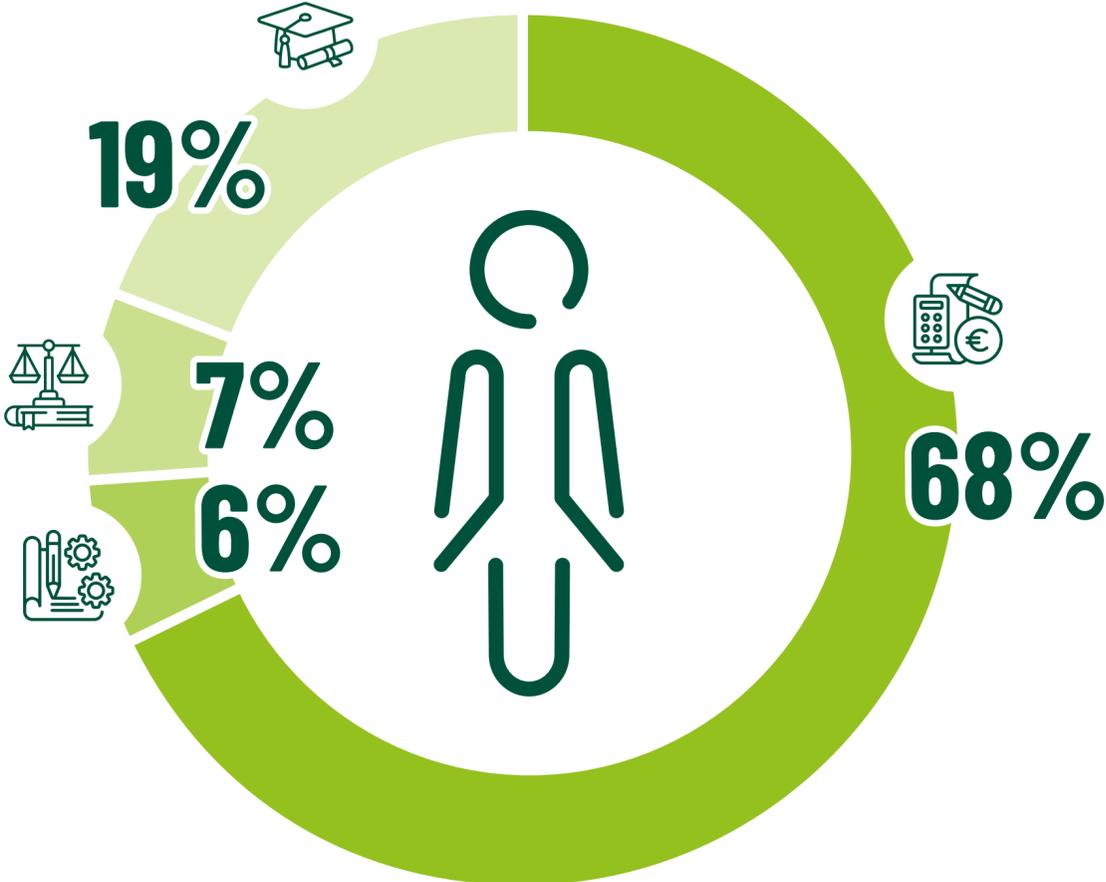


WOMEN IN THE INVESTMENT TEAM BY GP SIZE



GP size does not affect the percentage of women in the investment team

Course of studies in the investment team

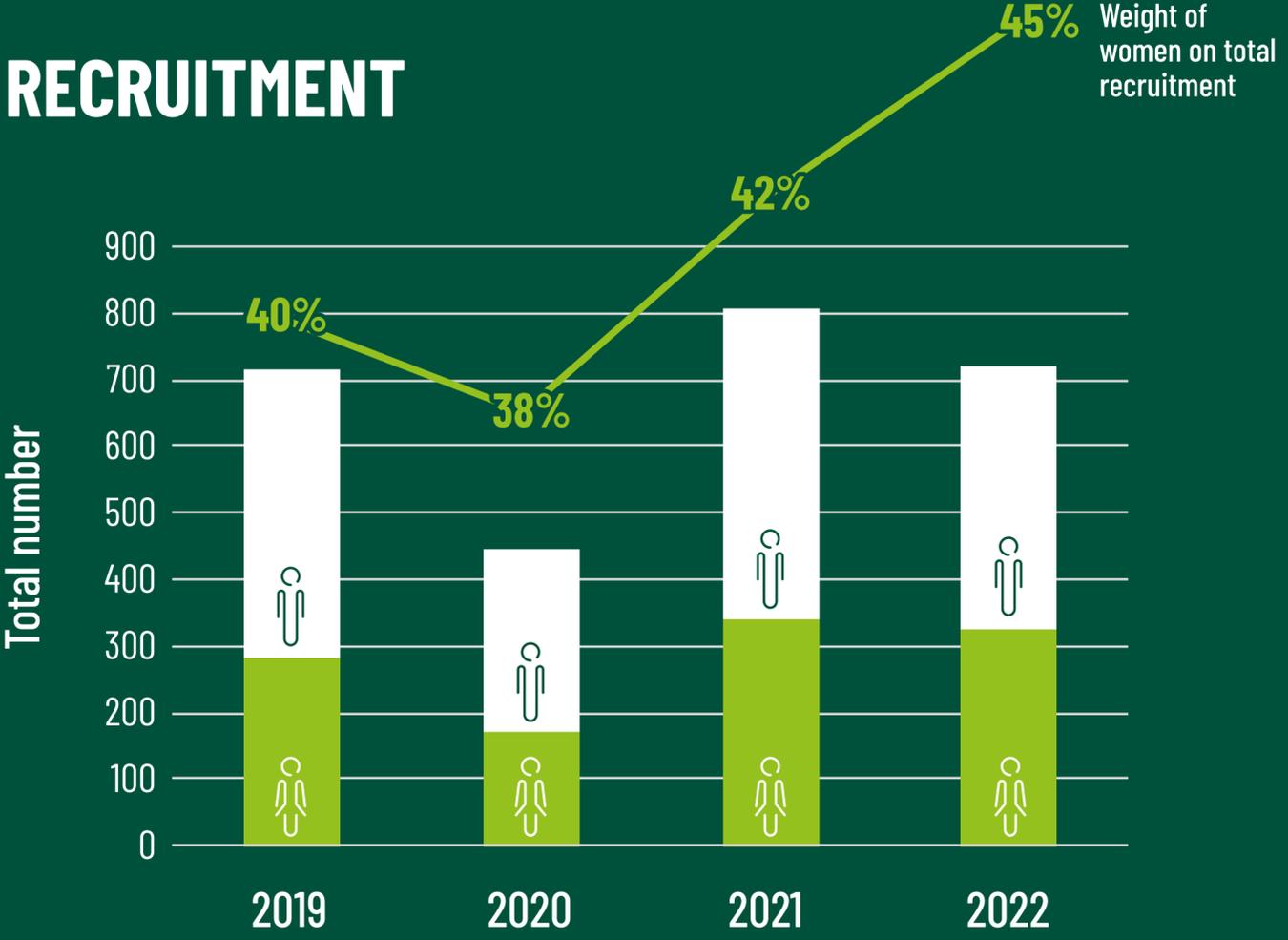


-  Economics
-  Engineering
-  Law
-  Other

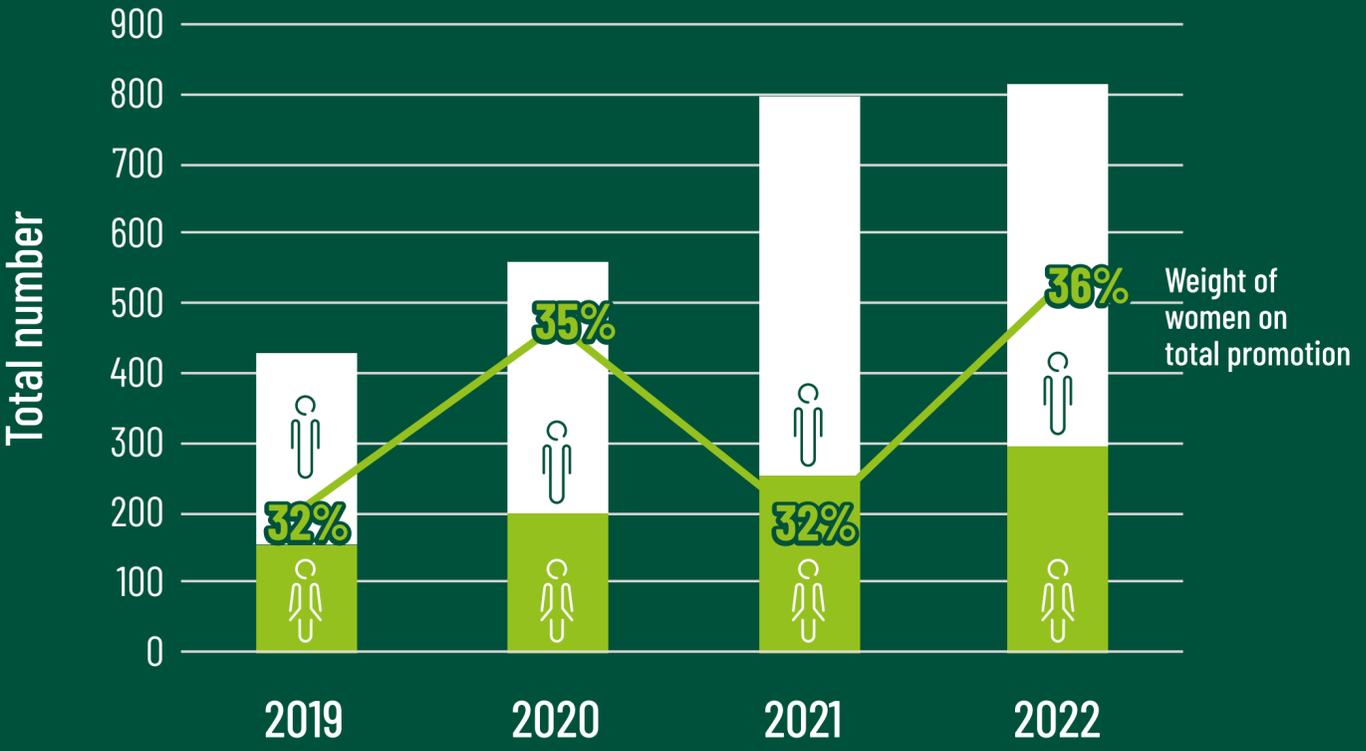
Historically, faculties such as finance and engineering are attended mostly by men even if in the last years the trend is changing

Recruitment and promotion

RECRUITMENT



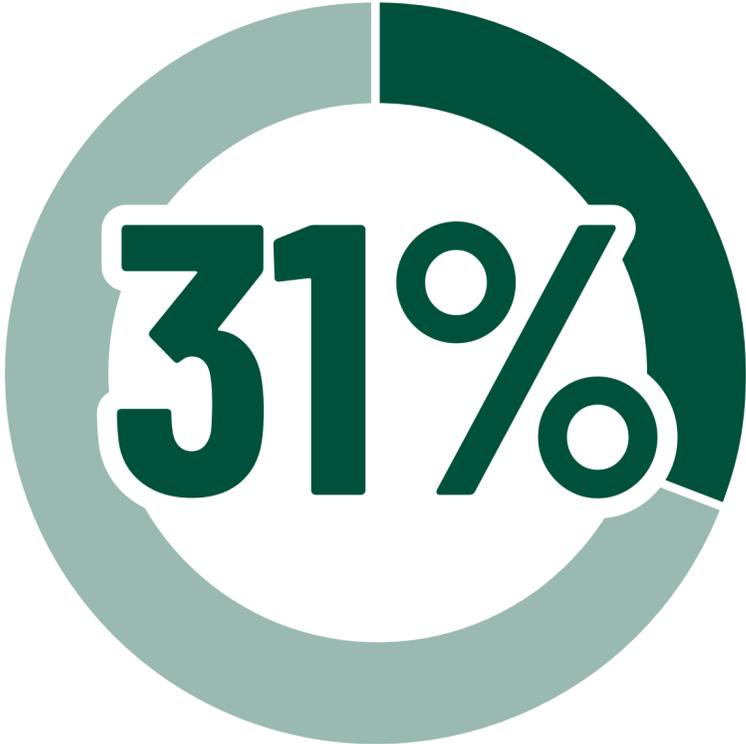
PROMOTION



Despite the intention, in many cases GPs highlighted difficulties finding women to hire, especially for senior positions

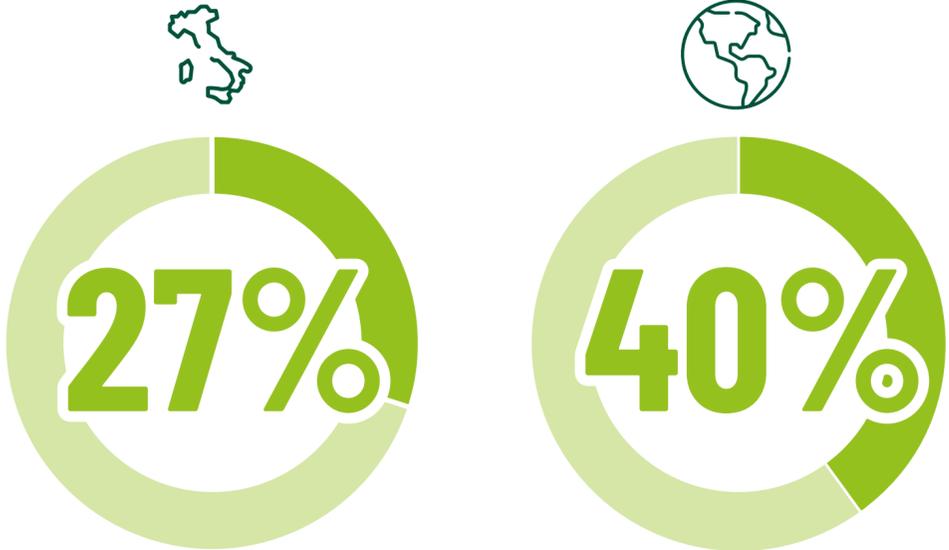
Gender diversity policy

PRESENCE OF SPECIFIC POLICY REGARDING GENDER DIVERSITY

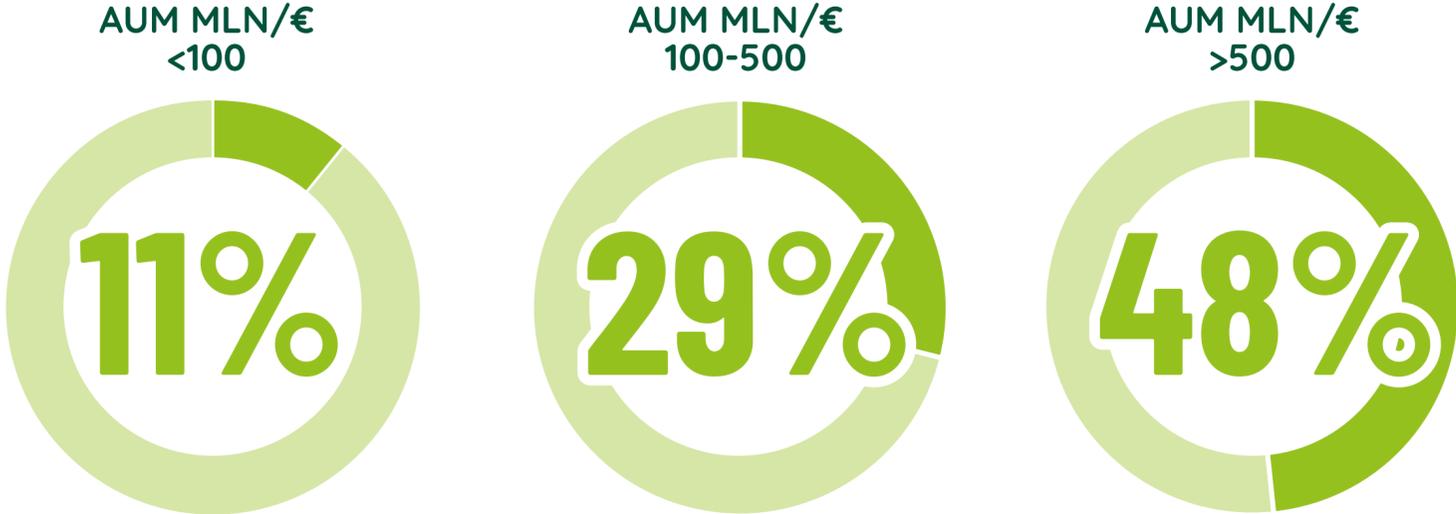


In many cases gender diversity policies are part of a wider variety of ESG policies

BY GP TYPE

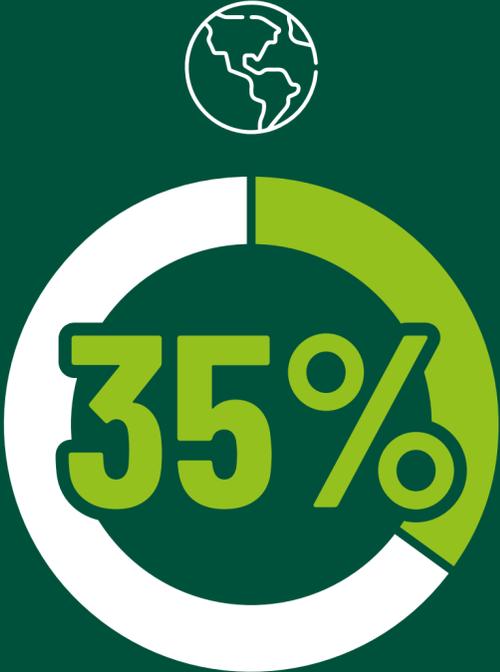
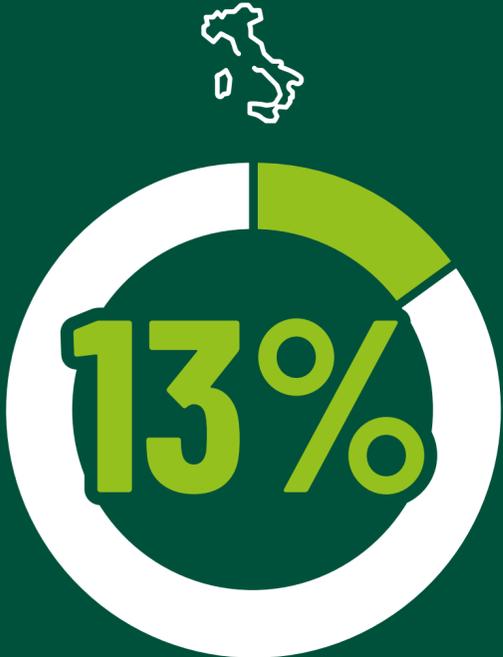


BY GP SIZE



Target for next years

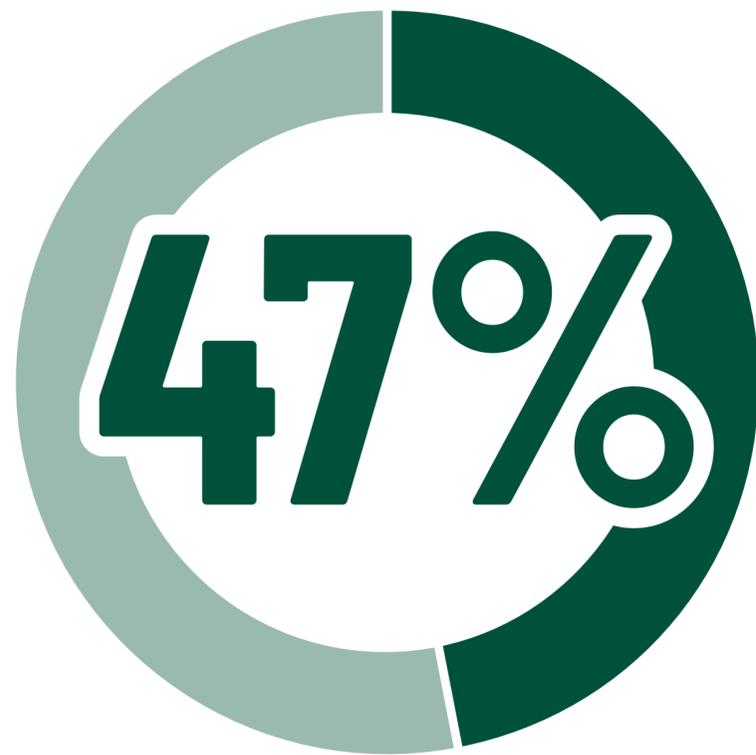
PRESENCE OF TARGET TO BE ACHIEVED IN NEXT YEARS REGARDING THE GENDER COMPOSITION OF WORKFORCE



For funds with gender composition targets, the objective is to achieve a percentage of women between 30% and 50% depending on the case

Reporting to investors

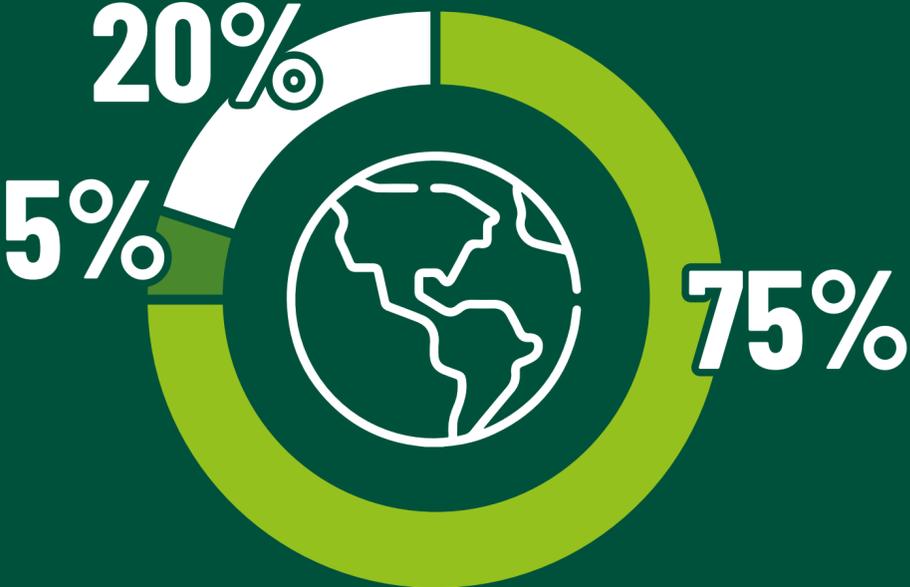
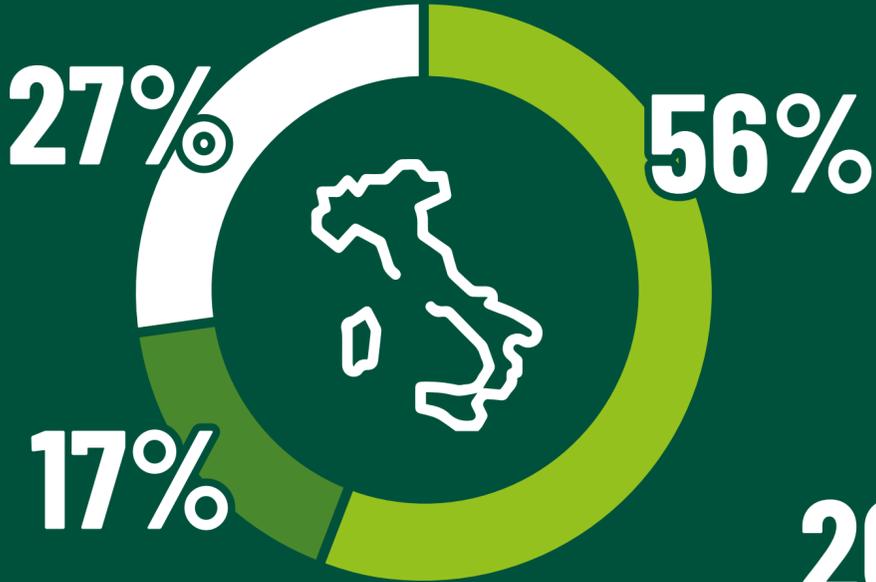
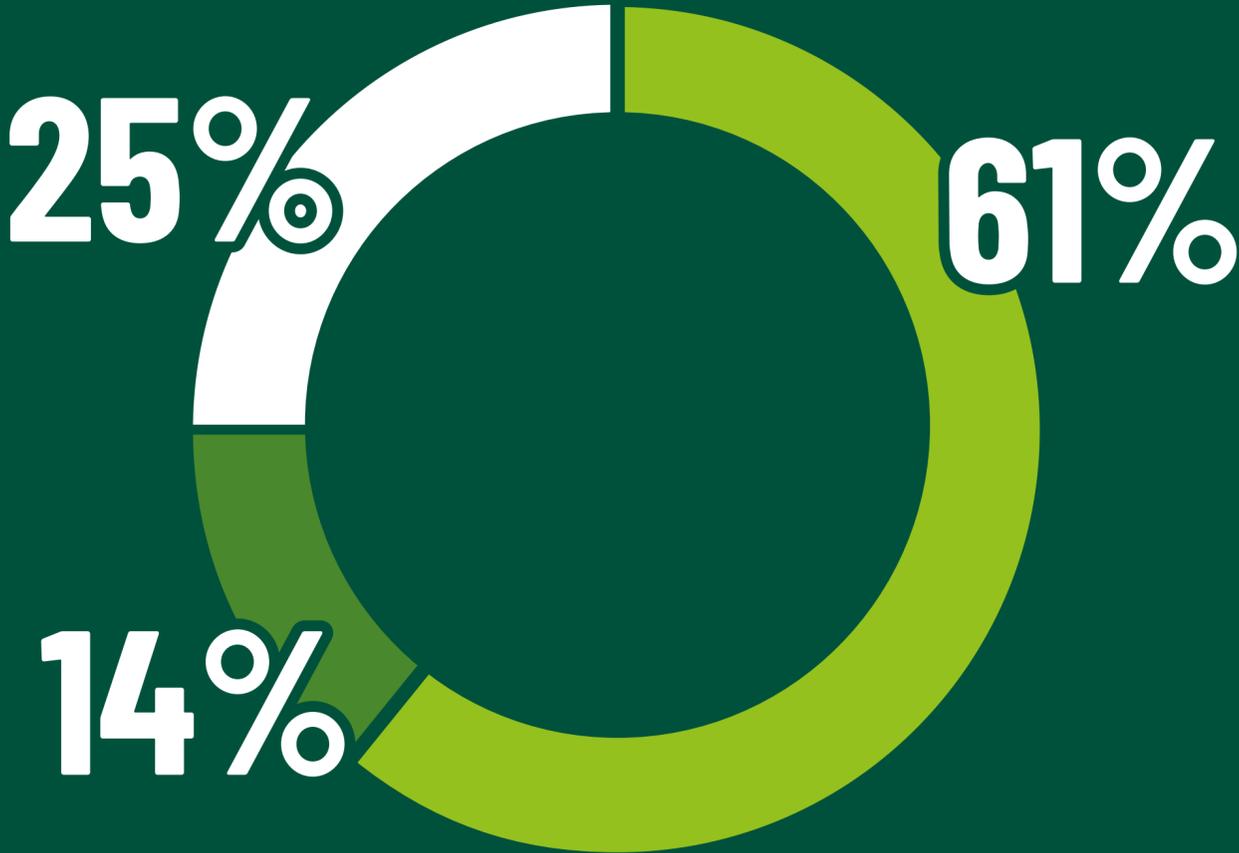
REPORTING TO LPs ABOUT GENDER DIVERSITY ISSUES



58% of GPs affirms that investors consider the composition of the workforce (both at GP and portfolio company level) as important

Portfolio monitoring

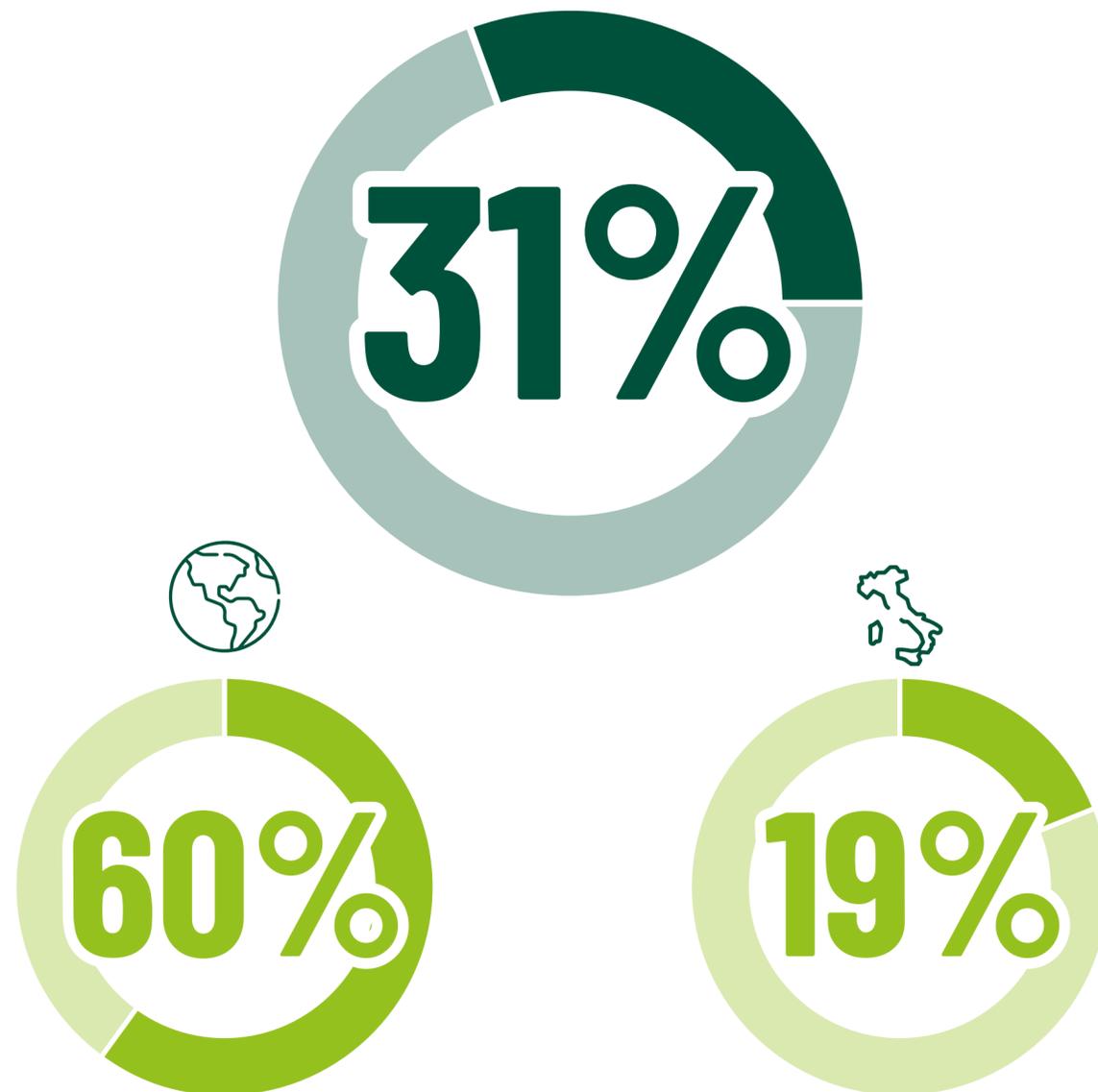
MONITORING GENDER DIVERSITY IN THE TARGET COMPANIES



■ Yes ■ No, but we have the intention to do it in the next months ■ No

Gender diversity initiatives: focus welfare system

PRESENCE OF WELFARE INITIATIVES



Many initiatives regard welfare projects and female talent selection processes

MAIN EXAMPLES



11 Economic integrative support for expenses related to pregnancy and motherhood



9 Other initiatives related to motherhood



5 Baby sitter on call



2 Company crèches

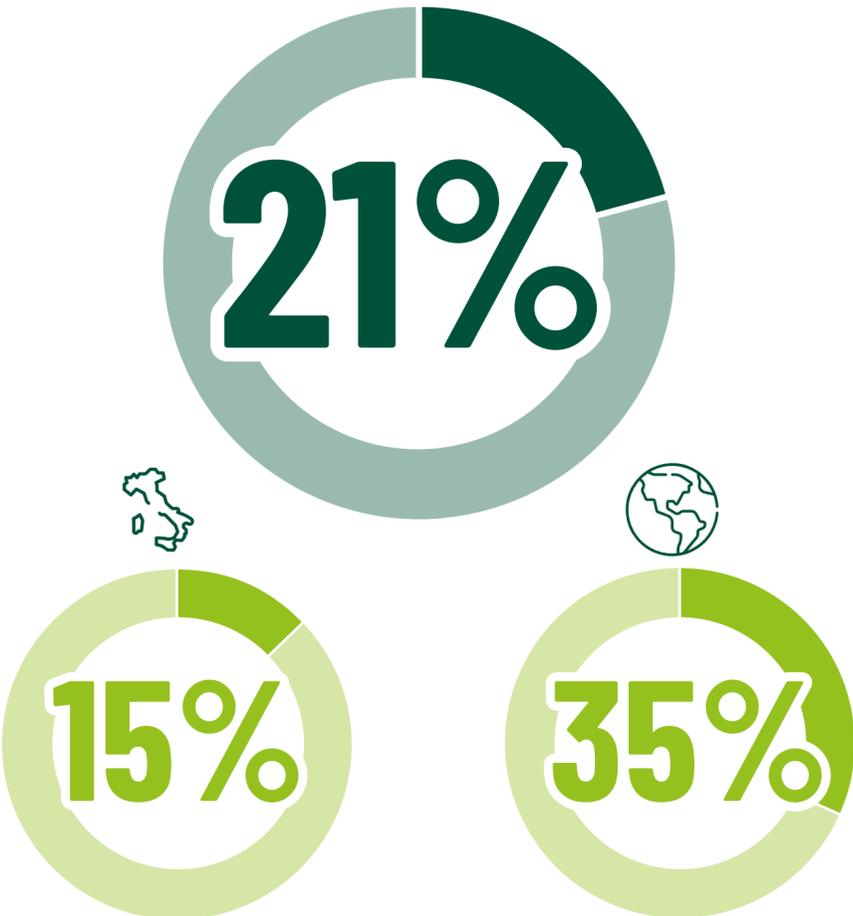
Other initiatives

PRESENCE OF A PERSON IN CHARGE OR A COMMITTEE DEDICATED TO GENDER DIVERSITY



In most cases within the ESG committee or in the HR

PRESENCE OF TRAINING ACTIVITIES ON GENDER DIVERSITY



Courses are organized by the company itself or relying on external companies

PRESENCE OF MEASURES RELATED TO THE GENDER PAY GAP



Generally in the policy of the fund or in a dedicated policy

Conclusion

The analysis realized by AIFI with the collaboration of BonelliErede shows that the private capital market is still quite distant from closing the workers gender gap, with particular reference to the investment teams and the senior positions. In fact, women represent 40% of the overall workforce, but this percentage drops to 24% if we consider the investment team, and to 13% at the senior level.

However, the situation of the Italian market is not different from the rest of Europe: in fact, an analysis carried out by Level20 on gender diversity in private equity and venture capital shows that on average the presence of women in the investment teams is 10% for senior positions, 22% for mid-level ones and 34% for junior. In the United Kingdom women represent 10% of senior levels, 20% of mid-level and 33% of junior; in France, one of the best places from this point of view, these values respectively stand at 15%, 29% and 41%, while in Germany at 4%, 19% and 31%.

The private equity industry has always been characterized by a clear male workers prevalence, one need only to think about founders' names of historical GPs, that still today run the business. Managers agree that there are often cultural problems, related to the perception of this sector as purely male, that make the achievement of a balance in the short term very complicated: in many cases there are more difficulties to find female resources, even when there is the will to hire more women. Consequently, even in a relatively young sector like private capital, it is difficult to find "modern" working organizations in terms of gender and the number of women running funds or working in top positions is still very low. This does not mean that there are no important examples but they represent rare exceptions.

The weight of female recruitment has grown during the last years, representing 45% of the total in 2022 and, as highlighted by several GPs involved in the survey, nowadays the possibility to make a career in private capital for a woman is surely higher than in the past. Motherhood, in some cases, can still result as a limiting factor. However, in the last years important steps forward have been made from this point of view, allowing much more flexibility to reconcile work and family life.

There is still a long way to go but the growing number of female recruitment and the willingness to rebalance as much as possible the workforce in terms of gender, give hope for an improvement in the next years. A positive boost will surely come from the growing importance of ESG topics with the social component playing a central role, even in the eyes of investors. Moreover, several studies have demonstrated that the application of these criteria carried not only benefits to the social tissue, but an important value creation for the company and in general for the economic environment, originating a virtuous circle of growth.

* Level20, "European Gender Diversity Report 2022"

Acknowledgements

We would like to thank all the GPs who completed the survey and in particular Ambienta SGR, DeA Capital Alternative Funds SGR, Fondo Italiano d'Investimento SGR, NB Renaissance, Nextalia SGR, Permira Associati, Wise SGR for the time spent to deepen gender diversity topics.



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