

# STATE OF DIVERSITY & INCLUSION 2021



**DIVERSIO**

**CVCA**  
CANADIAN VENTURE CAPITAL  
&  
PRIVATE EQUITY ASSOCIATION





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# INTRODUCTION

The Canadian Venture Capital and Private Equity Association (CVCA) has partnered with Diversio to prepare this benchmark report on the status of diversity, equity, and inclusion within the Canadian venture capital (VC) and private equity (PE) space. This report, sponsored by BDC Capital, CIBC Innovation Banking and The51, is the most comprehensive effort the Canadian Private Capital industry has taken to date and is the most accurate benchmark of diversity, equity and inclusion in the industry. While CVCA made a first effort in 2019 to quantify the diversity of our sector, the limited sample size and the absence of inclusion metrics were insufficient as a solid foundational benchmark.<sup>1</sup> CVCA chose to partner with Diversio because of its expertise on diversity measurement but also because of their patented technology that captures not only representation, but also inclusion metrics. For the first time, CVCA is presenting not only data on the state of diversity in the PE and VC market but also the first look at the inclusiveness of the industry.

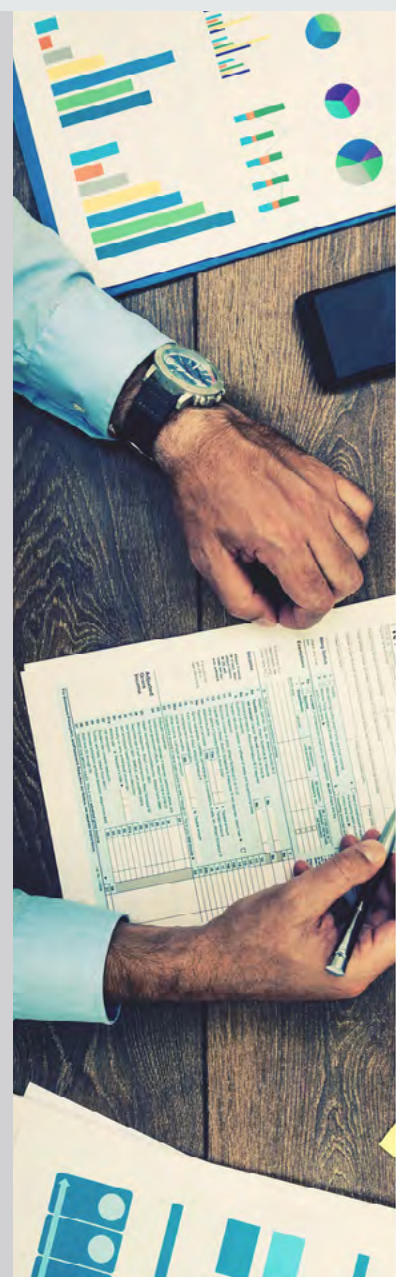
## THE DIVERSITY DIVIDEND & INCLUSION INVESTMENT

There continues to be growing evidence that diverse organizations outperform their non-diverse counterparts on business metrics such as innovation, growth, employee retention, well-being, and more. Conjointly, the evolving social justice movements and global pandemic has highlighted another business imperative - the risks associated with failure to create a diverse and inclusive workplace. This risk is closely related to the “I” in D&I, and connects to the employee, founder and customer perceptions that a company has created an environment where they feel they belong and can succeed. Therefore, for the investment community to reap the benefits associated with D&I, the CVCA aims to move beyond solely collecting demographic data and leverage Diversio’s internal dataset and public data from more than 20,000 companies worldwide to incorporate inclusion in a quantifiable way.

Newly collected employee experience data indicates that there is still much work to be done. The private capital sector is making inroads on visibility of the diversity component of the DEI equation, and beginning to address the invisibility variable: inclusion. Based on experience data and research across more than 500 companies in 30 countries, Diversio has identified a set of Inclusion Metrics that can be tracked to ensure diverse employees are treated equally and valued in the workforce. These findings show that while the diversity work is off to a good start, the inclusion work has just begun.<sup>2</sup>

<sup>1</sup> Different methodology was used in the 2019 report and the current study. The 2019 survey data included a limited sample size (91 respondents) and a different data collection method, while the 2021 Diversio survey had a significantly larger sample size with 413 survey responses, a 30% survey response rate, signaling a strong, above average industry response rate that allowed Diversio to generate robust insights. This data informed the LGBTQ2+/disability diversity findings and inclusion findings. To ensure accuracy and robustness, Diversio scraped additional data on 557 senior leaders to inform diversity numbers for gender and race.

<sup>2</sup> Canadian population statistics: 50.4% identify as women (StatsCan), 23% identify as visible minority (2016 Census), 10% as LGBTQ2+ (Diversio), and 20% as living with a physical/mental disability (Diversio)



# THE CVCA'S D&I JOURNEY



**OVER THE PAST FEW YEARS, THE CVCA HAS BEEN MAKING STRIDES IN ITS DIVERSITY & INCLUSION PROGRESS. THERE HAVE BEEN MANY INITIATIVES TO RAISE AWARENESS AND DISCOVER OPPORTUNITIES TO IMPROVE D&I IN THE CANADIAN PRIVATE CAPITAL INDUSTRY.**

## **01 CVCA DIVERSITY & INCLUSION MANDATE**

The CVCA is committed to improving D&I in the Canadian private capital market and recognizes its influence and its responsibility to support the leadership of its members in moving the dial on D&I. In 2019, the CVCA pledged several actions to do its part to improve diversity and inclusion in the industry. Further, the CVCA continues to encourage all members to review their practices and policies to ensure the career success of their employees.

## **02 CVCA INTERNSHIP PROGRAM FOR BLACK, INDIGENOUS, PEOPLE OF COLOUR (BIPOC)**

In 2021, CVCA launched a pilot CVCA Internship Program for Black, Indigenous, People of Colour (BIPOC) students in partnership with ICON Talent Partners—a grassroots non-profit with experience helping CVCA member organizations source BIPOC talent. As part of the D&I mandate to build a diverse talent pipeline in the venture capital and private equity ecosystem, CVCA placed 10 BIPOC students from Canadian universities across the country into 10 CVCA member firms as paid interns for the Fall 2021 term. Learnings from the program have been integrated to an expanded second cohort of the program launching in Summer 2022.

## **03 ADVOCACY FOR SUSTAINABLE CAPITAL INCLUDING ACCESS TO CAPITAL FOR UNDERREPRESENTED GROUPS**

Over the past several years, CVCA has been engaged in conversations with the Canadian federal government regarding the need to build on the success of the Venture Capital Action Plan (VCAP) and Venture Capital Catalyst Initiative (VCCI). In 2021, CVCA recommended establishing a dedicated stream of funding, such as the Inclusive Growth stream, as well as grant programs, to help increase the availability of capital for entrepreneurs from underrepresented groups, such as women and racialized communities. The CVCA was pleased to see this stream of the VCCI was announced in the federal budget in 2021.



## 04 CVCA'S ASK ME ANYTHING UNIVERSITY REACH OUT SERIES

Since 2018, the CVCA has organized speaking engagements across Canadian universities to inspire ambition and interest in private capital careers. AMA participants take in unique insights and participate in an informal Q&A with industry ambassadors who speak openly about challenges and opportunities they have experienced throughout their careers. Since 2018, over 1,115 students have attended presentations delivered by leaders in our VC and PE firms.

## 05 D&I RESOURCE LIBRARY

To help the Canadian private capital industry appreciate the full spectrum of topics on diversity and inclusion in our community, CVCA's D&I committee has curated a Diversity Resource Library. The library includes articles highlighting key industry stats, benefits of a diverse workplace, how bias plays a role in our industry, ideas on strategies to fix diversity and inclusion issues, and more.

## 06 INDUSTRY CODE OF CONDUCT GUIDELINES

In 2018, the Institutional Limited Partners Association (ILPA) released an Industry Code of Conduct Guidelines on Harassment, Discrimination and Workplace Violence, which is intended as a resource for all stakeholder organizations within the private equity ecosystem to develop their own policies. The CVCA has endorsed the ILPA's guidelines and is recommending members do the same, including taking into consideration other policies when developing their own guidelines. Examples of policies used by CVCA members include: inovia's Crafting a Better Workplace & Community Through Diversity, Relay Ventures' Zero Tolerance, and BDC's Diversity, Violence, Discrimination & Harassment Policy.

## 07 DIVERSITY ENDORSEMENT

CVCA has met three criteria to receive the endorsement from Diversio. These requirements are all directly tied to creating a more diverse and inclusive VC & PE ecosystem and are intended to demonstrate that the CVCA is 'walking the talk' when it comes to D&I.

The requirements are as follows:

1. Leadership Commitment to D&I
2. Organization-Level Diversity Goals
3. Industry-Level D&I Data Collection



# METHODOLOGY



**122**  
INDIVIDUAL FIRMS

**413**  
EMPLOYEES

**73**  
VENTURE CAPITAL

**43**  
PRIVATE EQUITY

**DIVERSIO DEPLOYED A D&I SURVEY ACROSS A TOTAL OF 116 PRIVATE CAPITAL FIRMS. IN ADDITION TO THE FIRMS SURVEYED, DIVERSIO COLLECTED DEMOGRAPHIC DATA ON EVERY CVCA MEMBER VC AND PE FIRM. THE INTERNAL AND EXTERNAL DATASETS WERE USED TO PRODUCE RELIABLE, ROBUST INSIGHTS.**

The 2021 Diversio survey collected 8,260 data points from 413 employees in Canadian private capital firms – a 30% survey response rate. All together, 73 VC firms and 43 PE firms participated in the survey. The academically validated D&I survey collected data including self-identified demographics (i.e., gender, racial/ethnic background, sexual identity, disability, mental health), experience data, as well as roles, seniority level and department of each employee. This data allowed Diversio to measure broader team diversity and workplace inclusion. Additionally, for a full measure of Partner-level diversity across Canadian private capital, Diversio gathered the names and titles of 557 senior leaders across 122 firms.<sup>3</sup> Diversio attributed gender and racial/ethnic background to each Partner through a combination of labelling scripts and human validation to ensure the accuracy of the overall findings in this report.<sup>4</sup>

Diversio assessed inclusion, defined as the intersection of experience and identity, through its 6-Metric Inclusion Framework, which measures how individuals with different identities experience workplace culture, management, career development, safety (i.e., the absence of harassment), and work-life balance.

<sup>3</sup> The Diversio survey consisted of voluntary participation of 413 employees of all levels. To allow for further analysis, Diversio scraped CVCA partner level data for 557 members. The number of participants overlap as some of the Partners may have participated in Diversio's survey.

<sup>4</sup> While surveying individuals directly and collecting self-identification data is preferred when assessing diversity, under-represented groups (e.g., women, people of colour, LGBTQ2+ individuals, etc.) are more likely to participate in diversity surveys. This selection bias can lead to inflated representation numbers. External data collection and analysis through scripts and human validation is the academic approach to avoiding selection bias and producing more reliable results when it comes to measuring more 'visible' diversity traits.

# VENTURE CAPITAL DIVERSITY & INCLUSION FINDINGS

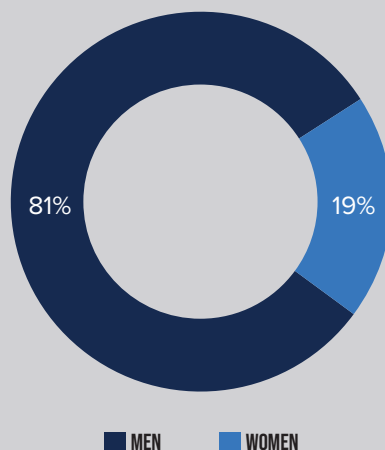


## MANAGEMENT LEVEL/PARTNERS

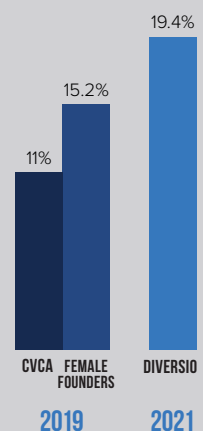
### REPRESENTATION OF WOMEN PARTNERS

To assess gender diversity at the Partner level, Diversio analyzed 319 VC Partners: 62 were women (19.4%). The data shows that venture capital has made significant gains in women's representation at the senior leadership level. According to 2019 Women in Venture Report this represents 4.2% increase<sup>4</sup>, and an 8.4% increase according to 2019 CVCA data.<sup>5</sup>

VENTURE CAPITAL  
PARTNER  
GENDER 2021



WOMEN PARTNERS,  
2019-2021,  
VENTURE CAPITAL



<sup>5</sup> Female Funders, & Highline Beta. (2019). Women in Venture Report. Femalefunders.com; femalefunders. <https://femalefunders.com/women-in-venture/>

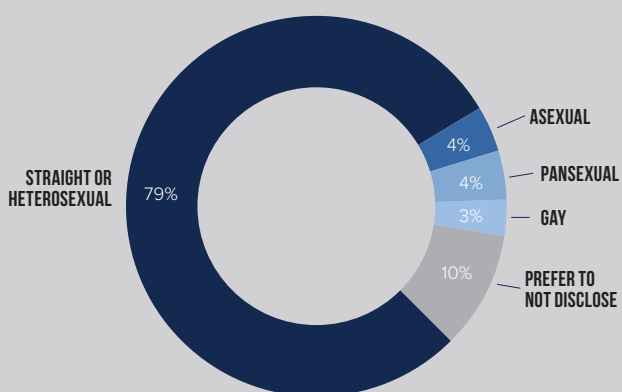
## RACIAL & ETHNIC MINORITIES VENTURE CAPITAL PARTNERS, 2019-2021



## ETHNIC & RACIAL REPRESENTATION OF PARTNERS

With regards to ethnic and racial background, 74 Partners in VC self-identified as South Asian, Black, Latinx, East Asian, Middle Eastern and Indigenous, accounting for 23.2% of VC Partners in the respondent subset. This represents a 5.2% increase according to the 2019 CVCA data. The growing diversity is mostly attributed to Partners from East Asian and South Asian backgrounds, while Partners from Black, Indigenous, Middle Eastern, Latinx and other backgrounds remain few and far between.

## REPRESENTATION OF LGBTQ2+ PARTNERS: VENTURE CAPITAL

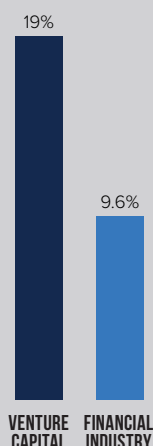


## REPRESENTATION OF LGBTQ2+ PARTNERS

When it comes to identity traits collected through survey data with respect to sexual orientation, 10.3% of VC Partners identified as LGBTQ2+, outperforming the financial industry average (at the management level) of 8.5%. This means the Canadian VC industry has 20% greater representation of LGBTQ2+ at the management level than the financial industry average.

Survey data also indicated that of those 10.3% of VC Partners who identified as LGBTQ2+, 2.6% of VC Partners identified as gay and 3.8% identified as pansexual, 0% identified as bisexual, with asexuality being the second most prevalent identity after heterosexuality. It's important to note that over 10% of VC Partners opted to not disclose their sexual orientations, which can often indicate a level of discomfort about being 'out' in the workplace.

## REPRESENTATION OF PARTNERS WITH DISABILITIES: VENTURE CAPITAL VS. FINANCIAL INDUSTRY



## REPRESENTATION OF PARTNERS WITH DISABILITIES

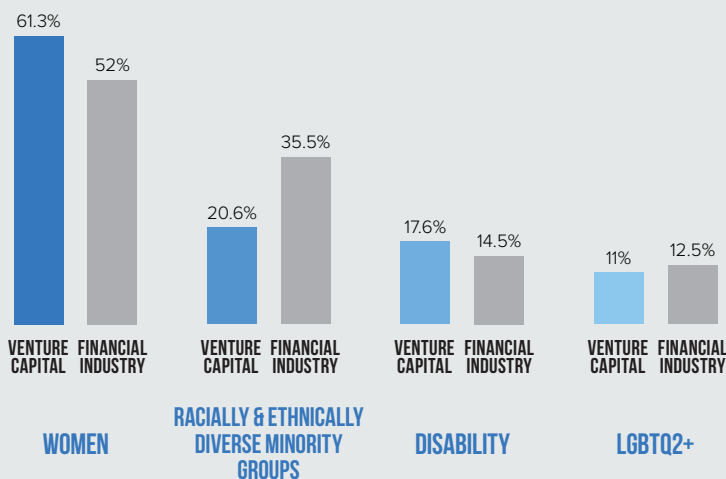
Survey respondents self-identified as a person with a visible or invisible physical disability, a cognitive or learning disability, a mental health condition or a variety of these conditions. 19% of VC Partners identified as having either a physical or cognitive disability. This indicates that Canadian venture capital has greater representation of individuals with disability (at the management level) than the broader financial industry, which stands at 9.6%, and on par with the Canadian population of working-age adults with a disability (20%).



## REPRESENTATION OF NON-MANAGEMENT EMPLOYEES

The data for the non-management team level<sup>6</sup> in VC indicates a greater level of diversity compared to Partners in VC, with women accounting for 61.3% of positions at the non-management levels, and racial and ethnic minorities accounting for 20.6%. Of non-management team employees surveyed, 11% identify as LGBTQ2+ and 17.6% report having a disability (visible or invisible). These numbers indicate that Canadian Venture Capital outperforms the broader financial industry on the employment of women and individuals with disability at the non-management team level.

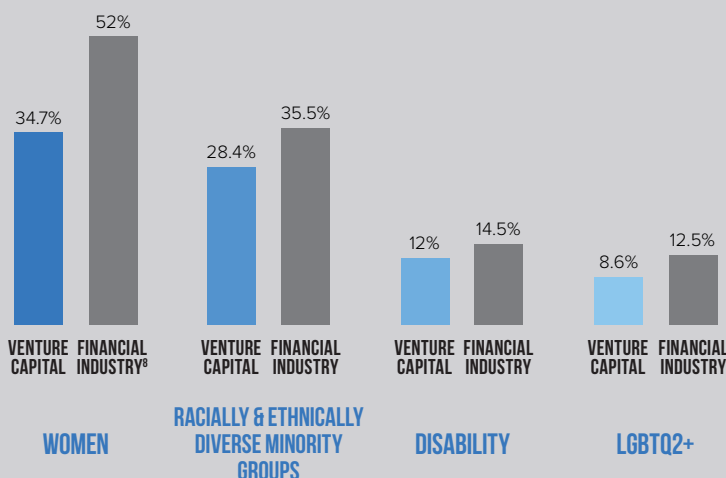
### 2021 DIVERSITY AT THE NON-MANAGEMENT TEAM LEVEL IN VENTURE CAPITAL



## REPRESENTATION OF JUNIOR INVESTMENT EMPLOYEES

In addition to the broader Partner dataset, the data indicated a greater level of diversity across junior investment team members<sup>7</sup> compared to Partners in VC, with women accounting for 34.7% and ethnic minorities accounting for 28.1% of positions. 8.6% of junior investment team members identified as LGBTQ2+ and 12% reported having a disability (visible or invisible). These numbers point to a strong pipeline that should continue to supply senior roles in venture capital with diverse talent.

### 2021 DIVERSITY AT THE JUNIOR INVESTMENT TEAM LEVEL IN VENTURE CAPITAL



<sup>6</sup> Non-management team includes all employees minus Partners

<sup>7</sup> Junior level refers to anyone self-identifying as an analyst, senior analyst, associate or senior associate

<sup>8</sup> In lieu of granular benchmark for junior investment team in broader financial industry, the report uses the same benchmark for non-management employees and junior investment team in VC and PE.

# VC INCLUSION FINDINGS

Growing diversity is a positive and hopeful sign indicative of the recruiting and hiring efforts firms have been making over the past few years, yet diversity on its own is not enough. Research has shown that once individuals from underrepresented backgrounds enter the workplace, they are more likely to be faced with exclusion, biases, discrimination and even harassment, which make success and long-term career growth in the sector difficult.

To quantify inclusion, Diversio applied its academically validated Inclusion Framework that measures: inclusive culture, fair management, career development, workplace flexibility, and safety in the workplace. The 2021 Diversio survey results were generated using a weighted, 10-point scale to understand how employees of different backgrounds experience the workplace.

- Altogether Diversio assesses 5 Inclusion Key Performance Indicators (KPIs) using a Likert scale. Employee responses are aggregated and weighted to produce 5 KPI scores which combined constitute the overall Inclusion Score™. To generate the KPI scores Diversio's algorithm categorizes respondents into the "Dominant" or "non-Dominant" group according to their self identified demographic profile.
- The Dominant group refers to the profile of person whose demographic traits (i.e. gender, race, ethnicity, sexual orientation, disability, Indigenous identity) appear most frequently at the executive level within a sector. Across Canada's private capital, the Dominant group is white, heterosexual men without a disability. Individuals who deviate on any of the Dominant group traits are classified as non-Dominant. The discrepancy of experience between the groups reveals barriers that are faced by the non-Dominant, minority groups.
- To produce KPI scores, Diversio weights and combines the average Dominant and non-Dominant group scores. The Dominant group never accounts for more than 30% of the final KPI Score to ensure that the experience of underrepresented or marginalized groups is not overshadowed.
- The industry score refers to the Canadian Financial Industry, an industry benchmark developed by Diversio's validated dataset of 500+ organizations.



## INCLUSION METRICS<sup>9</sup>

### INCLUSIVE CULTURE

An environment where everyone feels heard and valued by their team

### FAIR MANAGEMENT

Managers who are fair and unbiased towards all employees

### CAREER DEVELOPMENT

Providing all employees with opportunities to grow and advance internally

### WORKPLACE FLEXIBILITY

Enabling all individuals to establish a healthy work-life balance

### WORKPLACE SAFETY

Ensuring all employees are not experiencing sexual, psychological or physical harassment

<sup>9</sup> For more information on the academic backing of Diversio's inclusion metrics, access the How to Measure Inclusion at Your Organization Whitepaper at <https://diversio.com/whitepaper/>



## INCLUSION AT THE PARTNER LEVEL

Systemic biases and barriers also exist at the Partner level. The largest gap in inclusion in senior leadership is faced by women in VC – women’s experience at the Partner level is even lower than women’s experience in the more junior levels on investment teams.

When compared to men Partners, women Partners in VC are:

- Approximately 6x more likely to report harassment in the workplace or feel like their opinions are not heard or valued
- 3.5x more likely to feel like no one (e.g., a Managing Partner) is invested in their career growth

Partners from racially and ethnically diverse backgrounds as well as those with a disability similarly report lower levels of inclusion, although the differences in experience are not as stark. Overall, there is a meaningful gap between the way women and racially/ethnically diverse Partners score on career development when compared to Managing Partners (especially Managing Partners from the Dominant Group).

	INCLUSIVE CULTURE	FAIR MANAGEMENT	CAREER DEVELOPMENT	WORKPLACE FLEXIBILITY	WORKPLACE SAFETY
INDUSTRY SCORE	7.2	6.6	6.2	7.4	8.1
CVCA STUDY SCORE	8.7	7.3	6.9	8.0	8.5
DOMINANT GROUP	9.0	8.2	8.8	8.0	8.4
WOMEN+	7.8	6.2	4.8	6.5	7.8
RACIAL & ETHNIC MINORITIES	8.9	7.1	6.7	8.6	8.9
LGBTQ2+	10.0	8.3	7.9	8.8	9.6
DISABILITY / MENTAL HEALTH IDENTIFIED	9.4	7.6	6.7	7.8	8.8

■ STRENGTH ■ PAIN POINT — MINIMUM THRESHOLD NOT MET

## INCLUSION AT THE NON-MANAGEMENT LEVEL

Employees at the junior/non-management team level in VC are not spared from systemic barriers and biases, leading them to feel unsafe and unheard in the workplace. Persons with disabilities and those with mental health challenges feel particularly excluded, scoring lower than Partners with a disability or health challenge across all six metrics. Primarily, junior/non-management team members with a disability or mental health challenge are:

“Investment team is treated differentially better compared to other teams. All teams deserve same level of respect and appreciation for their respective contributions.”



- 4.7x more likely to feel unsafe in the workplace compared to VC Partners with a disability or mental health challenge
- 3.6x more likely to feel unsafe in the workplace compared to those without disabilities
- 3.8x more likely to feel like their opinions are not being heard or valued than those without a disability or mental health challenges

While junior/non-management team members from racially and ethnically diverse backgrounds and women do feel safer in the workplace than those with a disability or mental health challenge, members from these groups still feel like they are not being heard or valued in the workplace.

- Women are 1.45x more likely than men to feel that their contributions are not being valued
- Junior/non-management team members from racial or ethnically diverse backgrounds are 1.4x more likely than racial or ethnic Partners to feel not all employee contributions in their work environments are valued

Overall, there is a meaningful gap between the level of inclusivity junior/non-management team members feel, given that they scored lower on every inclusion metric compared to VC partners.

	INCLUSIVE CULTURE	FAIR MANAGEMENT	CAREER DEVELOPMENT	WORKPLACE FLEXIBILITY	WORKPLACE SAFETY
INDUSTRY SCORE	7.2	6.6	6.2	7.4	8.1
CVCA STUDY SCORE	7.3	7.0	6.6	8.1	8.3
DOMINANT GROUP	8.0	7.5	6.8	8.7	9.3
WOMEN+	6.8	6.9	6.3	7.7	7.8
RACIAL & ETHNIC MINORITIES	7.6	6.8	6.4	8.5	8.0
LGBTQ2+	6.7	7.1	7.3	9.1	8.2
DISABILITY / MENTAL HEALTH IDENTIFIED	5.1	5.6	6.3	6.7	6.4

STRENGTH PAIN POINT — MINIMUM THRESHOLD NOT MET

## INCLUSION AT THE JUNIOR INVESTMENT TEAM LEVEL

Analysis of inclusivity at the junior investment team level found that analysts and associates from underrepresented backgrounds experience pervasive barriers and biases, with women, persons with disabilities and those with mental health challenges facing the greatest exclusion. While racial and ethnic minorities did not score as low as the other group, they also scored lower than white heterosexual men on every inclusion metric.



- Junior investment team members with mental health challenges reported harassment in the workplace 6X more frequently. (17.2% of junior investment team employees identified as having a mental health condition)
- When compared to the men, women were 2.7x more likely to feel that their opinions were not valued by their teams.

All underrepresented groups reported facing bias from Partners and feeling like leadership was not invested in their growth or development. This trend is consistent with unconscious bias research, which shows people have a natural tendency to gravitate towards those similar to themselves (affinity bias). Provided that the large majority of Partners across VC are white, heterosexual men without disabilities, it is logical that analysts and associates who are also white heterosexual men without disabilities would feel the most supported.

Unconscious bias is not intentional, but it can have wide-reaching consequences for investment teams. Research indicates that, employees who are not empowered by their work environment are more likely to churn, become depressed, go on extended leave, and be stunted in their career growth. While the diversity gains in VC are exciting, they may be short lived given the biases and barriers that junior level employees from underrepresented backgrounds continue to face. A more inclusive work environment will help bolster retention with employees in this group.

	INCLUSIVE CULTURE	FAIR MANAGEMENT	CAREER DEVELOPMENT	WORKPLACE FLEXIBILITY	WORKPLACE SAFETY
INDUSTRY SCORE	7.2	6.6	6.2	7.4	8.1
CVCA STUDY SCORE	7.2	6.8	7.2	7.7	8.4
DOMINANT GROUP	8.1	7.8	7.9	9.2	8.8
WOMEN+	6.2	6.8	6.4	7.4	8.0
RACIAL & ETHNIC MINORITIES	7.5	6.7	7.3	7.4	8.5
LGBTQ2+	—	—	—	—	—
DISABILITY / MENTAL HEALTH IDENTIFIED	4.7	4.2	6.0	7.1	5.6

■ STRENGTH ■ PAIN POINT — MINIMUM THRESHOLD NOT MET

## WHAT DOES YOUR COMPANY DO WELL TO SUPPORT INCLUSION AND BELONGING AT WORK?

*“They make an effort to recognize members of the team. Everyone is treated equally despite seniority, and finally they make an effort to empower all members of the team. During my internship, a partner learned about my low functioning autistic brother and offered to help find him a suitable role within his network.”*

*“VC can feel like a bit of a boys club sometimes. The pronouns are always assumed to be male when we speak about a hypothetical CEO etc. Being a bit more aware of these things can go a long way.”*

# PRIVATE EQUITY DIVERSITY & INCLUSION FINDINGS

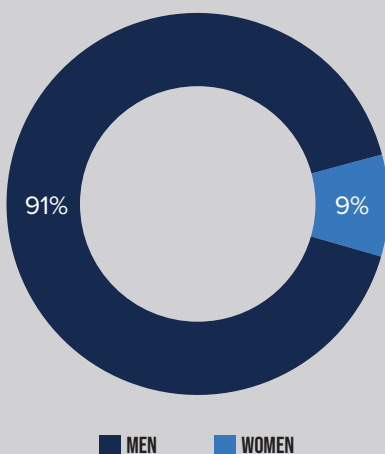


## MANAGEMENT LEVEL/PARTNERS

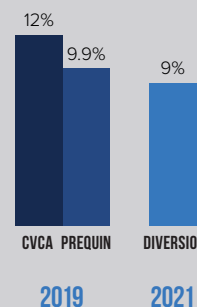
### REPRESENTATION OF WOMEN PARTNERS

To assess gender findings, Diversio analyzed 238 PE Partners: 21 were women (9%). The data shows that private equity has not made significant gains when it comes to adding more women to their senior ranks. According to 2019 Prequin Report which surveyed private equity firms across North America, women represented 9.9% of partners and CVCA reported 12%. This represents a 0.9% decrease,<sup>10</sup> and a 3% decrease according to 2019 CVCA data.

PRIVATE EQUITY  
PARTNER  
GENDER 2021



WOMEN PARTNERS,  
2019-2021,  
PRIVATE EQUITY



<sup>10</sup> Prequin. (2019). Women in Private Equity. <https://docs.prequin.com/reports/Prequin-Women-in-Private-Equity-February-2019.pdf>



## ETHNIC & RACIAL REPRESENTATION OF PARTNERS

When it comes to Partners with racial and ethnic background, 24 Partners in PE self-identified as South Asian, Black, Latinx, East Asian, Middle Eastern and Indigenous, accounting for 10.1%. This represents a 4% increase according to 2019 CVCA data. This increase in diversity is attributed primarily to Partners from South and East Asian backgrounds, while other backgrounds, notably Black and Indigenous remain significantly underrepresented. The data indicates positive momentum in private equity with regards to ethnic and racial representation at the leadership level, as well as validates diverse and inclusive recruiting efforts made by firms over the last three years.

## REPRESENTATION OF LGBTQ2+ PARTNERS

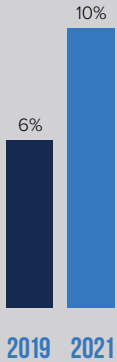
Regarding sexual orientation, 10.7% of PE Partners self-identified as LGBTQ2+, outperforming the financial industry average (at the management level) of 8.5%. This indicates that the Canadian PE industry has greater representation of LGBTQ2+ at the management level than the financial industry average.

Notably, of those 10.7% of PE Partners who identified as LGBTQ2+, 1.8% identified as pansexual, 1.8% identified as bisexual, 7.1% identified as asexual. 0% identified as gay or lesbian, whereas almost 2% Partners opted to not disclose their sexual orientations, which can often indicate a level of discomfort about being ‘out’ in

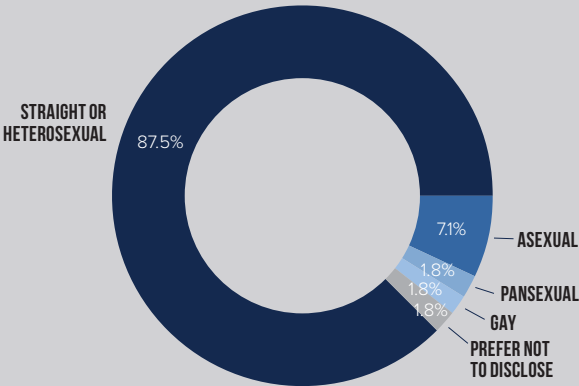
## REPRESENTATION OF PARTNERS WITH DISABILITIES

Survey respondents self-identified as a person with a visible or invisible physical disability, a cognitive or learning disability, a mental health condition or a variety of these conditions. 10.7% of PE Partners identified as having either a physical or cognitive disability, indicating that Canadian private equity has a greater representation of individuals with a disability at the management level than the broader financial sector, which stands at 9.6%.

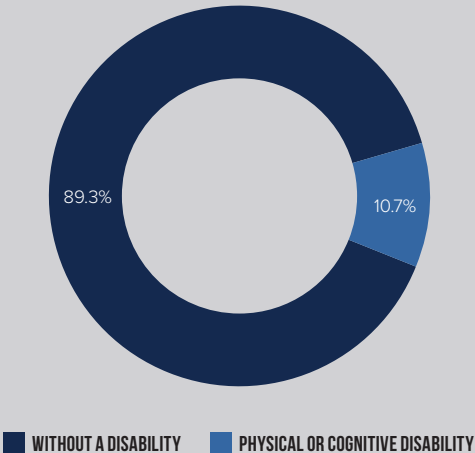
RACIAL & ETHNIC MINORITIES PRIVATE EQUITY PARTNERS, 2019-2021



REPRESENTATION OF LGBTQ2+ PARTNERS: PRIVATE EQUITY



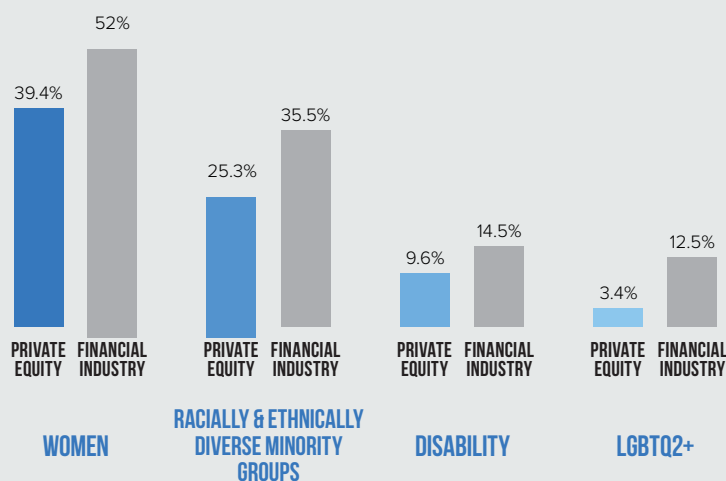
REPRESENTATION OF PARTNERS WITH DISABILITIES: PRIVATE EQUITY



## REPRESENTATION OF NON-MANAGEMENT EMPLOYEES

The data for the non-management team<sup>10</sup> level in PE indicates a greater level of diversity compared to Partners in PE in all respondent subsets, except for individuals who identify as having a disability (visible or invisible), accounting for 9.6% of positions. Women account for 39.4% of positions at the non-management team level, racial and ethnic minorities account for 25.3% and 3.4% identify as LGBTQ2+. These numbers indicate that while Canadian Private Equity is improving, it has yet to meet the broader financial industry on the representation of women, racial and ethnic minorities, individuals with a disability (visible or invisible), and those identifying as LGBTQ2+ at the non-management level.

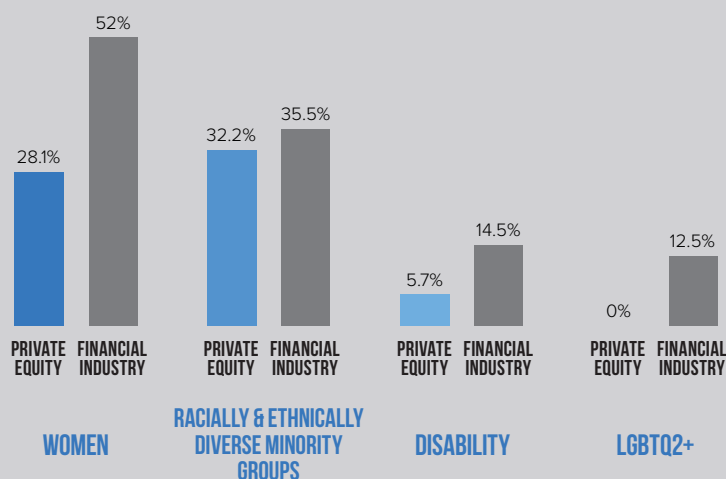
### 2021 DIVERSITY AT THE NON-MANAGEMENT TEAM LEVEL IN PRIVATE EQUITY



## REPRESENTATION OF JUNIOR INVESTMENT TEAM

In addition to the broader non-management employee, the data subset for Junior Investment Team at PE indicated a greater level of diversity for women and ethnic minorities across the junior investment team compared to Partners, with women accounting for 28.1% and ethnic minorities accounting for 32.2%, but with minimal to no representation of Black, Indigenous or Latinx individuals. These numbers point to a pipeline for women and racial minorities that should supply senior roles in private equity. 5.7% of junior investment team members identified as having a visible or invisible disability and 0% identified as LGBTQ2+. Similar to the lack of LGBTQ2+ representation at the Partner level, this can indicate a level of discomfort about being “out” in the workplace.

### 2021 DIVERSITY AT THE JUNIOR INVESTMENT TEAM LEVEL IN PRIVATE EQUITY



<sup>10</sup> Non-management team includes all employees minus Partners



# PE INCLUSION FINDINGS

**While strides have been made to improve diversity in areas of Canadian private capital, there is still more to be done on inclusion. Private equity is moving from a visible to an invisible challenge, they must expand their D&I efforts to drive inclusion, or risk losing gains made so far.**

Growing diversity is a positive and hopeful sign indicative of the recruiting and hiring efforts firms have been making over the past few years, yet diversity on its own is not enough. Research has shown that once individuals from underrepresented backgrounds enter the workplace, they are more likely to be faced with exclusion, biases, discrimination and even harassment, which make success and long-term career growth in the sector extremely difficult.

To quantify inclusion, Diversio applied its academically validated, Inclusion Framework that measures: inclusive culture, fair management, career development, workplace flexibility, and safety in the workplace. The 2021 Diversio survey results were generated using a weighted, 10-point scale to understand how employees of different backgrounds experience the workplace.

- Altogether Diversio assesses 5 Inclusion Key Performance Indicators (KPIs) using a Likert scale. Employee responses are aggregated and weighted to produce 5 KPI scores which combined constitute the overall Inclusion Score™. To generate the KPI scores Diversio's algorithm categorizes respondents into the "Dominant" or "non-Dominant" group according to their self identified demographic profile.
- The Dominant group refers to the profile of person whose demographic traits (i.e. gender, race, ethnicity, sexual orientation, disability, Indigenous identity) appear most frequently at the executive level within a sector. Across Canada's private capital, the Dominant group is white, heterosexual men without a disability. Individuals who deviate on any of the Dominant group traits are classified as non-Dominant. The discrepancy of experience between the groups reveals barriers that are faced by the non-Dominant, minority groups.
- To produce KPI scores, Diversio weights and combines the average Dominant and non-Dominant group scores. The Dominant group never accounts for more than 30% of the final KPI Score to ensure that the experience of underrepresented or marginalized groups is not overshadowed.
- The industry score refers to the Canadian Financial Industry, an industry benchmark developed by Diversio's validated dataset of 500+ organizations.



## INCLUSION METRICS<sup>11</sup>

### INCLUSIVE CULTURE

An environment where everyone feels heard and valued by their team

### FAIR MANAGEMENT

Managers who are fair and unbiased towards all employees

### CAREER DEVELOPMENT

Providing all employees with opportunities to grow and advance internally

### WORKPLACE FLEXIBILITY

Enabling all individuals to establish a healthy work-life balance

### WORKPLACE SAFETY

Ensuring all employees are not experiencing sexual, psychological or physical harassment

<sup>11</sup> For more information on the academic backing of Diversio's inclusion metrics, access the How to Measure Inclusion at Your Organization Whitepaper at <https://diversio.com/whitepaper/>

## INCLUSION AT THE PARTNER LEVEL

Systemic biases and barriers also exist at the Partner level. The largest gap in inclusion in senior leadership is faced by women in PE. Women’s experience at the Partner level is even lower than women’s experience in the more junior levels on investment teams.

Compared to male Partners, women Partners in PE are:

- Nearly 12x more likely to report harassment in the workplace or feel like their opinions are not heard or valued
- About 3x more likely to feel like the person to whom they report is unfair

Partners from racially and ethnically diverse backgrounds as well as those with a disability similarly report lower levels of inclusion, although the differences in experience are not as stark. Overall, there is a meaningful gap between the way women and visible minority Partners score on career development when compared to managing Partners (especially Managing Partners from the Dominant Group).

	INCLUSIVE CULTURE	FAIR MANAGEMENT	CAREER DEVELOPMENT	WORKPLACE FLEXIBILITY	WORKPLACE SAFETY
INDUSTRY SCORE	7.2	6.6	6.2	7.4	8.1
CVCA STUDY SCORE	7.8	6.8	6.9	7.7	8.6
DOMINANT GROUP	9.4	7.8	8.0	8.7	9.1
WOMEN+	5.8	4.2	6.7	6.7	6.3
RACIAL & ETHNIC MINORITIES	8.6	8.1	6.7	8.1	9.2
LGBTQ2+	—	—	—	—	—
DISABILITY / MENTAL HEALTH IDENTIFIED	7.0	5.9	6.3	5.9	8.5

■ STRENGTH ■ PAIN POINT — MINIMUM THRESHOLD NOT MET

## WHAT COULD YOUR COMPANY DO BETTER TO SUPPORT INCLUSION AND BELONGING AT WORK?

*“Partners need to put time and effort into regular feedback, help associates set goals that, when met, indicate an opportunity for advancement. Also, Partners need to be conscious of who is being offered valuable high-profile opportunities as well as whose voices are being amplified.”*





## INCLUSION AT THE NON-MANAGEMENT LEVEL

Analysis of inclusivity for non-management employees found that those from underrepresented backgrounds experience pervasive barriers and biases, with racial and ethnic minority employees as well as persons with disabilities and mental health challenges facing the greatest exclusion, scoring lower than white heterosexual men on every metric. Interestingly, women in the junior teams feel that there is less harassment in the workplace than women at the Partner level.

- Racial and ethnic minority employees are 3.8X as likely to feel that there is a lack of flexibility in their work life compared to their Partner counterparts
- Those with a disability or mental health challenges are 2.5X as likely to feel the lack of flexibility versus the junior members without a disability or mental health challenge
- Inclusion metrics for Recruitment & Hiring is a positive and hopeful sign indicative of the latest recruiting and hiring efforts PE firms have been making over the past few years

	INCLUSIVE CULTURE	FAIR MANAGEMENT	CAREER DEVELOPMENT	WORKPLACE FLEXIBILITY	WORKPLACE SAFETY
INDUSTRY SCORE	7.2	6.6	6.2	7.4	8.1
CVCA STUDY SCORE	7.6	6.9	6.7	7.2	8.4
DOMINANT GROUP	8.0	7.5	6.8	8.4	9.0
WOMEN+	7.2	7.2	5.9	7.4	8.3
RACIAL & ETHNIC MINORITIES	7.4	6.7	6.3	6.8	8.4
LGBTQ2+	—	—	—	—	—
DISABILITY / MENTAL HEALTH IDENTIFIED	7.9	6.3	7.9	6.3	7.5

■ STRENGTH ■ PAIN POINT — MINIMUM THRESHOLD NOT MET

## INCLUSION AT THE JUNIOR INVESTMENT TEAM LEVEL

Analysis of inclusivity at the junior investment team level found that junior investors with mental health challenges face the greatest exclusion.

- Junior investment team members with mental health challenges reported harassment in the workplace 6X more frequently. (17.2% of junior investment team employees identified as having a mental health condition)
- When compared to the men, women were 2.7x more likely to feel that their opinions were not valued by their teams



All underrepresented groups reported facing bias from Partners and feeling like leadership was not invested in their growth or development. This trend is consistent with unconscious bias research, which shows people have a natural tendency to gravitate towards those similar to themselves (affinity bias). Provided that the large majority of Partners across PE are white, heterosexual men without disabilities, it is logical that analysts and associates who are also white heterosexual men without disabilities would feel the most supported.

Unconscious bias is not intentional, but it can have wide-reaching consequences for investment teams. Research indicates that, employees who are not empowered by their work environment are more likely to churn, become depressed, go on extended leave, and be stunted in their career growth. While the diversity gains in PE are exciting, they may be short lived given the biases and barriers that junior level employees from underrepresented backgrounds continue to face. A more inclusive work environment will help bolster retention with employees in this group.

	INCLUSIVE CULTURE	FAIR MANAGEMENT	CAREER DEVELOPMENT	WORKPLACE FLEXIBILITY	WORKPLACE SAFETY
INDUSTRY SCORE	7.2	6.6	6.2	7.4	8.1
CVCA STUDY SCORE	7.2	6.8	7.2	7.7	8.4
DOMINANT GROUP	8.1	7.8	7.9	9.2	8.8
WOMEN+	6.2	6.8	6.4	7.4	8.0
RACIAL & ETHNIC MINORITIES	7.5	6.7	7.3	7.4	8.5
LGBTQ2+	—	—	—	—	—
DISABILITY / MENTAL HEALTH IDENTIFIED	4.7	4.2	6.0	7.1	5.6

■ STRENGTH ■ PAIN POINT — MINIMUM THRESHOLD NOT MET

## WHAT COULD YOUR COMPANY DO BETTER TO SUPPORT INCLUSION AND BELONGING AT WORK?

*“(My company is) very accommodating of religious beliefs and trying to incorporate inclusive options for everyone (eg. Different types of socials and ensuring dietary restrictions are met).”*

*“(My company has) a variety of “people networks” including LGBT, Black, Asian, people with disabilities, Women, and Indigenous to share experiences, learn from one another and act as support resources.”*

# SUMMARY OF DIVERSITY FOR PRIVATE CAPITAL INDUSTRY



## REPRESENTATION OF WOMEN PARTNERS

Women in Canada's private capital industry hold 35% of management positions, trailing Canada's broader financial sector by 3% where women hold 38% of management positions.

## REPRESENTATION OF ETHNIC & RACIAL MINORITY PARTNERS

Racially and ethnically diverse individuals at the management level hold almost 30% of positions, illustrating that racial and ethnic representation is increasing across private capital. However, the growing diversity is mostly attributed to Partners from East Asian and South Asian backgrounds, while Partners from Black, Indigenous, Middle Eastern, Latinx and other backgrounds remain few and far between. Of all the survey respondents in both PE and VC, only three people identified as Indigenous; indicating a woeful under-representation of Indigenous identities in the Canadian private capital sector.

## REPRESENTATION OF LGBTQ2+ PARTNERS

Under 11% of the private capital industry Partners identified as LGBTQ2+, with asexuality being the second most prevalent identity after heterosexuality. These numbers are slightly higher than the broader financial sector that reports 8.5% LGBTQ2+ employees.

However, no other LGBTQ2+ identities were captured other than asexual, gay, bisexual and pansexual, pointing to an underrepresentation of lesbian Partners.

## REPRESENTATION OF PARTNERS WITH DISABILITIES

The data points to private capital having greater representation of individuals with a disability (at the management level) than the broader financial sector, which stands at 9.6%. The Canadian Council of People with Disabilities notes: "Some individuals are born with disabilities; others will develop them over time. Anyone could become a person with a disability due to accident, illness, or age—this is something we should all keep in mind. Not all disabilities are visible; in fact, most are not visible at all ... Basic accommodations can often extend the careers of this valuable talent pool and should be a priority for employers."<sup>10</sup>

## REPRESENTATION AT THE JUNIOR/ NON-MANAGEMENT LEVEL

There is a greater level of diversity at the junior/non-management compared to Partners in private capital. Women account for 44.3% of positions at the non-management team level, racial and ethnic minorities account for 36.5%, 10% identify as LGBTQ2+, and 14.6% reported having a disability (visible or invisible). This point to a strong pipeline that should continue to supply senior roles in private capital with diverse talent.

<sup>10</sup> Brisbois, Richard (2014). Business Benefits of Accessible Workplaces. Ottawa: The Conference Board of Canada, <https://accessibilitycanada.ca/wp-content/uploads/2018/10/Benefits-of-Acc.-Workplaces-CBC.pdf>

# RECOMMENDATIONS FOR NEXT STEPS



**BASED ON THE ABOVE FINDINGS, THE CVCA AND DIVERSIO RECOMMEND THAT CANADIAN PRIVATE CAPITAL BEGIN ATTRIBUTING SIGNIFICANT FOCUS AND ATTENTION TO ENHANCING INCLUSION ACROSS THEIR WORKPLACES WHILE CONTINUING TO PRIORITIZE DIVERSE & INCLUSIVE RECRUITING PRACTICES. SPECIFICALLY, WE RECOMMEND THAT:**

01

Canadian private capital firms should continue to drive diverse & inclusive hiring practices with a specific focus on recruiting racially and ethnically diverse individuals who are Black, Indigenous, Middle Eastern and Latinx at both the senior and junior levels. The goal of the industry should be to reach representation equal to that seen in the population and while exciting strides have been made in this regard, there is still lots of work to be done.

02

All Canadian private capital should identify and conspicuously report concrete goals for improving workplace diversity and inclusion. This means that every VC and PE firm should begin by measuring their current state, setting a baseline (a peer benchmark can also be helpful here) and identifying concrete goals centred around specific issues faced by employees (e.g., increasing fair management scores for women, people of colour, and people with disabilities by several points in 12 months). This will assist firms in cultivating inclusive environments across their workplaces that empower individuals at all levels of the organization.

Diversio collected information on individuals' experiences and disaggregated the data based on two factors: employee identity (gender, race, ethnicity, Indigenous status, sexual orientation, disability and mental health) and employee position (seniority level, department/team, fund type, etc.)

Results were generated using a weighted, 10-point scale to understand how investors of different backgrounds experience the workplace. The reference group (i.e., the Dominant Group) was set as white, heterosexual men without a disability, in other words the profile of person most frequently observed at the Partner level.



# 03

All firms should consider how to meaningfully address inclusion challenges most common across industry: inclusive culture (ensuring everyone is heard by their teams); fair management (ensuring all managers are unbiased); and career development (ensuring everyone feels like someone is invested in their growth and development). To understand the best way to get started, firms can refer to diversity certifications such as the [Diversio Certification](#) which helps firms assess what programs and policies they have in place and makes recommendations on how to fill gaps.

## ABOUT CVCA

As the voice of Canada's private capital industry, the Canadian Venture Capital and Private Equity Association (CVCA) works with the investors behind some of the biggest innovations fueling the Canadian economy.

Representing more than 290 member firms and 2,200 individuals, CVCA is proud to unite professionals, raises industry awareness, and advocates on behalf of its members for fair and competitive policies that drive innovation and growth across Canada.

The CVCA is proud of its track record of delivering value to its members. With this support, our members excel at driving economic growth, creating jobs, and fostering healthy communities.

Please visit: [cvca.ca](https://cvca.ca)

## ABOUT DIVERSIO

Diversio is the people intelligence platform that measures, tracks, and improves diversity, equity, & inclusion. By connecting AI technology, sophisticated data analytics, and knowledgeable subject matter experts, Diversio is able to accurately diagnose your pain points, benchmark you against peers, and create a robust action plan that will meet your DEI goals. Through the unique combination of technology and human expertise Diversio is driving meaningful impact for hundreds of organizations across over 35 countries globally.

Diversio – The Diversity Data Experts™



# DIVERSIO



# GLOSSARY OF TERMS



**Asexual:** A term to describe individuals who experience little or no sexual attraction to others (i.e. members of any gender/sex)

- 'Asexual' is an umbrella term describing a spectrum of sexual orientations such as Demisexual, Grey-A and Queer-platonic. It is important to note that asexual individuals may experience romantic, non-sexual attraction to others.

**Bisexual:** A term to describe individuals who are sexually attracted to both men/males, and women/females. For example, a bisexual person may be attracted to members of their own gender/sex as well as members of another gender/sex.

**Career Development:** Employees have mentors and sponsors within the organization that create opportunities and invest in their success.

**Cisgender:** A term to describe individuals whose gender identity corresponds with the biological sex they were assigned at birth. For example, a person who was born with female sex characteristics at birth who identifies as a woman would be classified as a cisgender woman.

**Ethnic and racial diversity:** refers to the representation and relative size of different racial and ethnic groups within a population. Within this report, this data is self-reported by individuals who identify as Asian, Black, Indigneous, Latinx, Middle Eastern, Jewish, Mixed Race or Other.

**Fair Management:** Employees feel that managers are fair, allowing employees advance and celebrating them for good work.

**Gay:** A term to describe men who are sexually and/or romantically attracted to men.

**Inclusive Culture:** Employees feel like they are a part of a team, and are able to meaningfully contribute alongside peers.

**Lesbian:** A term to describe women who are sexually and/or romantically attracted to women.

**LGBTQ2+:** An umbrella term for Lesbian (L), Gay (G), Bisexual (B), Transgender (T), Queer/ Questioning (Q), Two-Spirit (2), and more (+) gender identity or sexual orientation non-conforming groups. This acronym is often used to capture all non-heterosexual and cis-gender groups, including Asexual, Pansexual, Intersex individuals and more identity groups. Within this report, this data is self-reported by individuals who identify as: Asexual, Bisexual, Gay, Lesbian, Pansexual, Queer, Trans, Two-Spirit, and Other.

- Variations of this acronym exist, including LGBTQIA, LGBTQ2S, LGBTQ2+, etc.
- It is important to remember that though this term encapsulates a wide variety of communities and identity groups and is not a monolith.

**Pansexual:** A term to describe individuals who are sexually attracted to all gender/sex groups and are not limited in sexual choice to those of a certain biological sex or gender identity. For example, a pansexual person may be attracted to men, women, transgender men, transgender women, gender nonbinary folks, and/or more.

**Queer:** An umbrella term to describe the community of individuals who identify within the LGBTQ2+ community or outside traditional cisgender or heterosexual identity categories.

**Recruiting & Hiring:** Measures the diversity in your most recently hired cohort of respondents. A perfect score signals diversity that is equivalent to diversity in the population. Determined based on demographic information gathered during the survey such as gender, ethnicity and tenure.

**Transgender:** A term to describe individuals whose gender identity corresponds to a different biological sex than the one they were assigned at birth.

**Transgender woman (Trans woman):** A person who was born with male sex characteristics at birth who identifies as a woman.

**Transgender man (Trans man):** A person who was born with female sex characteristics at birth whose identifies as a man.

**Two-Spirit:** A term to describe certain North American Indigenous persons who have both a masculine and a feminine spirit, or who fulfill a traditional third-gender role.

**Workplace Flexibility:** Employees are able to balance work and personal obligations without undue stress.

**Workplace Safety:** Employees do not experience sexual, physical, or mental harassment in the workplace.





372 Bay Street Suite 1201  
Toronto, Canada M5H 2W9  
t: 416.487.0519  
e: [cvca@cvca.ca](mailto:cvca@cvca.ca)

## DIVERSIO

33 Mill St  
Toronto, ON  
M5A 3R3  
t: 226.339.7709  
e: [info@diversio.com](mailto:info@diversio.com)

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