



GP CA Presentation

LPs Expectations of Gender Diversity

August 2024

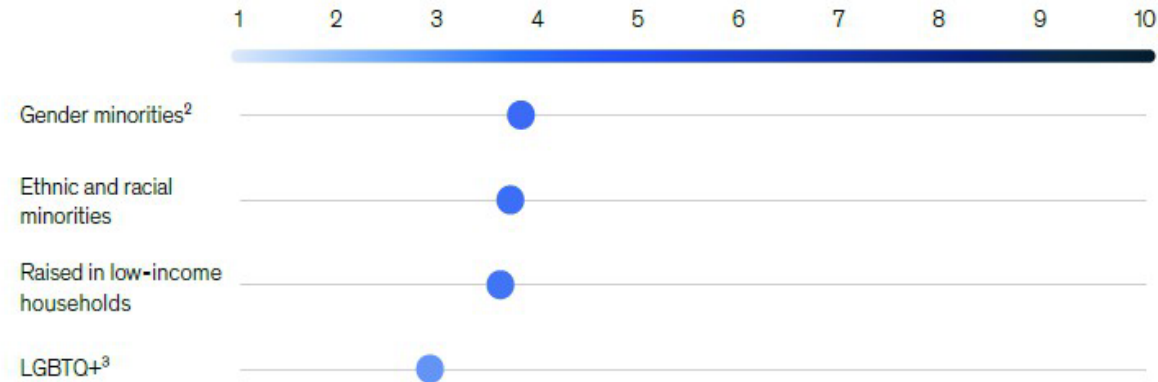
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The state of diversity in global private markets: 2022 (McKinsey survey)

- Institutional investors have shown mixed feelings about PE's progress on DEI
- Views vary on how satisfied investors are with the actions PE firms are taking to improve diversity
- PE firms have opportunity to improve the representation of underrepresented groups on their investing teams

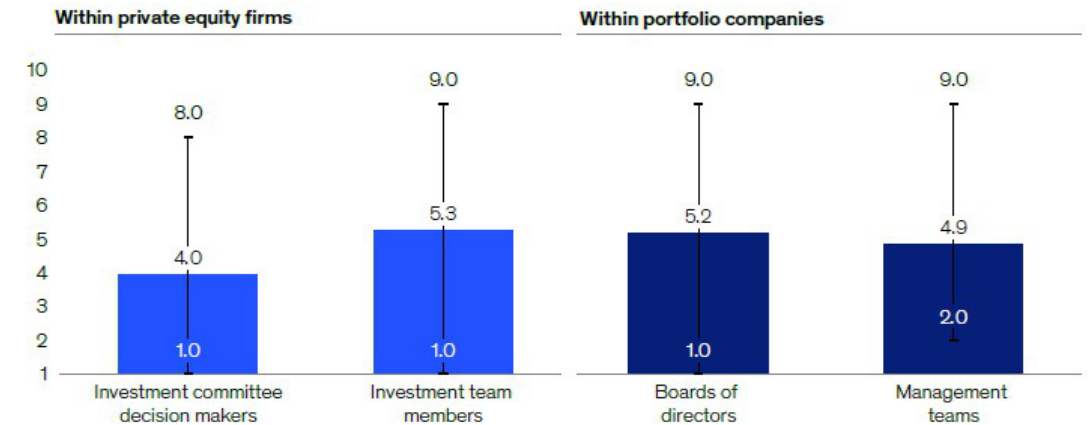
Institutional investors surveyed think private equity firms can be more diverse.

Institutional investor perception of representation of groups within the private equity deal team, by group,¹ average score of respondents, scale of 1–10



Institutional investors' views vary on how satisfied they are with the actions PE firms are taking to improve their diversity and the diversity of their portfolio companies.

Institutional investor satisfaction with actions taken by private equity firms to improve diversity, by group,¹ average score of respondents, scale of 1–10



Question: "Thinking about private equity investment teams across are represented?" Scale of 1–10, where 1 = not at all represented and 10 = very well represented

²Gender minorities include women and nonbinary individuals. ³LGBTQ+ includes lesbian, gay, transgender, and queer individuals

Institutional Investors prefer to allocate more to Firms with higher diversity scores

- Participating institutional investors were asked to allocate capital on a hypothetical basis between two managers
- Demonstrates the premium that II's put on diversity when considering managers
- Inherent challenges in comparing apples-to-apples metrics from all firms, it is too soon to quantify the extent to which this is occurring today in II's actual allocating

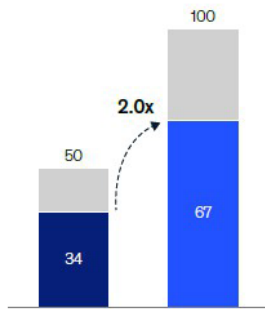
Scenario 1

All else equal, participating institutional investors tended to allocate capital to more diverse private equity firms.

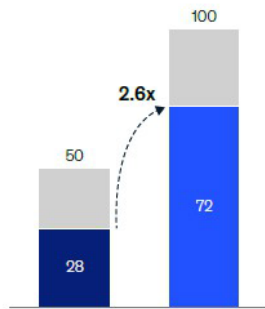
Institutional investor (II) capital allocation to leaders and laggards

■ Average allocation to diversity laggard ■ Average allocation to diversity leader ■ Highest allocation from sample

Gender,
capital allocated to each firm, \$ millions



Ethnic and racial diversity,
capital allocated to each firm, \$ millions



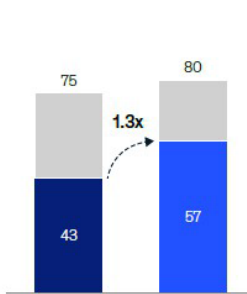
Scenario 2

Institutional investors allocated more to the more diverse PE firm when historical performance was the same and they had not previously allocated to the more diverse firm.

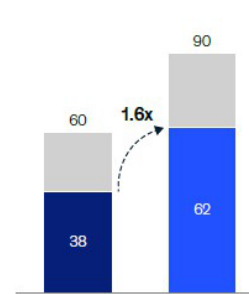
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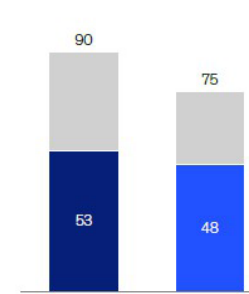
Scenario 3

Institutional investors tended to allocate more to the more diverse firm when it had allocated to both funds before and the diversity leader had lower historic returns.

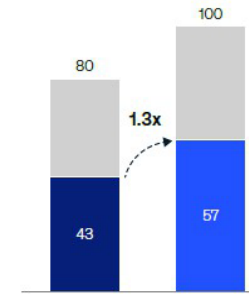
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DEI data is improving, but still has room to grow

- Share of all firms that provided DEI metrics to IIs during fundraising increased from about 35% in 2018-19 to 52% in 2020-2021
- That said, there are still challenges to standardize the data without consistent metrics
- When evaluating diversity, it is critical to understand how teams are diverse holistically and can complement one another, which should lead to better decision making

At HarbourVest we understand progress takes time. The things we consider include:

1. A firm commitment to making progress
2. A strategy to get there
3. Consistent follow through on those commitments





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The Challenges of Gender Sourcing

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Sourcing talent requires a holistic strategic approach and commitment

Areas of Focus



Start early

▶ The earlier you start focusing on attracting and developing talent the better



Be proactive

▶ Develop talent pipelines before roles ever open



Grow your talent

▶ Have a bespoke strategy for every stage— junior talent to executive-level



Be intentional

▶ Every open role is an opportunity to change the fabric of your organization

Sourcing talent is important, but how you keep and develop that talent is equally important



Survey your populations and review the results by demographics

Ensure policies and practices are welcoming to women



Create **continuous feedback** loops – *you spoke... we listened*



Accountability is key



Foster an environment of support and inclusion – Employee Resource Groups, mentorships, sponsorship, etc.

Empower women to manage their careers

