



# Guiding Note: Gender

*Guiding notes describe Swedfund’s view och process for implementation of the key sustainability themes that are defined in Swedfund’s Policy for Sustainable Development and Anti-Corruption. Guiding notes are updated regularly as we develop. We welcome stakeholder feedback to continuously improve our work.*

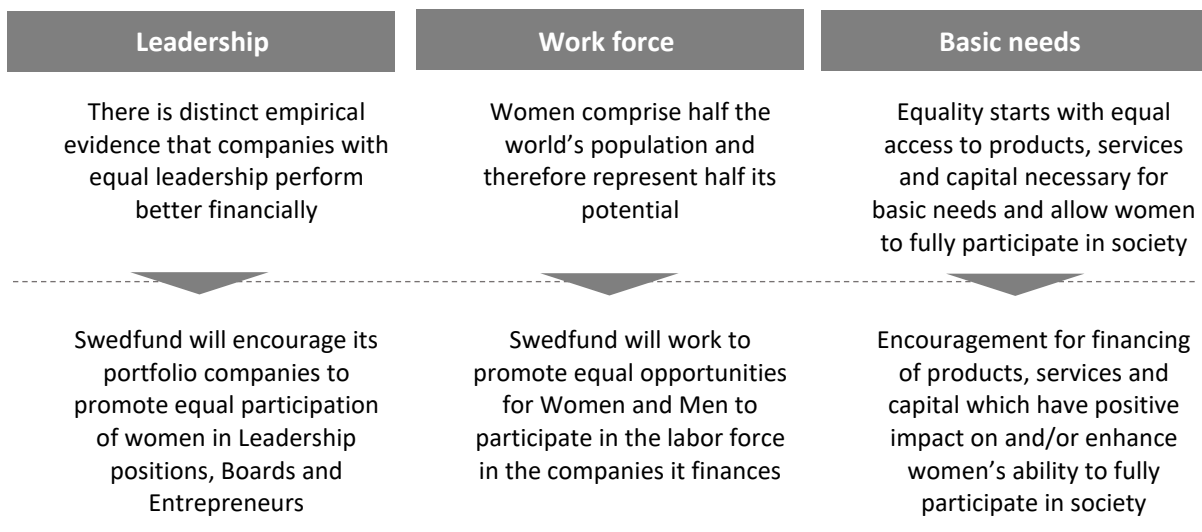
## 1. Background and Strategic intent

Equal opportunities for women and men is a fundamental human right and a critical component of a sustainable future. Equality is intrinsically linked with poverty reduction and overcoming gender barriers enables access to untapped pools of talent and resources and is synonymous with economic growth. This makes it an essential enabler in the achievement of Agenda 2030 and Swedfund’s mission.

Gender is one of Swedfund’s core impact areas and is a central component for decision-making. Therefore, Swedfund seeks to fully integrate Gender and aspects of Women’s Economic Empowerment (WEE) in the investment process rather than handling it as an isolated issue. Swedfund’s Gender lens aims to systematically integrate a Gender perspective to (i) Reveal risks, (ii) Overcome biases and to (iii) Identify opportunities for Swedfund’s Active value creation.

### 1.1. Key Focus Areas

Swedfund’s commitment to Gender Equality is framed within our mandate as a DFI. As a private sector investor, we create Impact through our portfolio companies, and within this mission Swedfund has identified three priority areas through which we believe we can be most impactful for WEE;



## 1.2. Collaborations

Swedfund is a strategic minority investor and therefore collaborates with carefully selected partners to align our efforts and amplify our impact. One key initiative within the gender area for Swedfund is the *2x Challenge* - a global investment initiative with the goal to commit 3bn USD to financing for women in developing countries by 2020. The 2x secretariat has established criteria that define a gender investment, supported by empirical evidence that they promote benefits for women. Furthermore, the *Gender Finance Collaborative* forms a joint DFI initiative in championing Gender smart investments with working groups around Gender lens tools, case studies and a joint gender pipeline.

## 1.3. Measurement & Goals

EDFI has established a harmonization agenda to report on gender investments and gender disaggregate data in line with the 2X Challenge criteria, which subsequently Swedfund's gender indicators and targets have been aligned with.

Swedfund's target position on Gender by 2023 is ambitious: *Increased gender equality in the portfolio in line with the 2X Challenge; at least 60% of portfolio companies meet the 2x Criteria within 3 years from time of investment.*

By contributing to leading global initiatives Swedfund also contribute to the build-up of an evidence-base for the social and financial returns of Gender smart investments – an important message to highlight investors' role in achieving Gender equality, Agenda 2030, and accelerate the mobilization of capital for gender smart investments.

## 2. Gender Lens Process

Swedfund's Investment process includes a Gender Lens and applies to all investments; this entails an integrated approach to analyse investment opportunities' potential to contribute and perform on Swedfund's three gender focus areas and the 2x criteria. The Gender lens aims to address WEE throughout the entire lifetime of an investment and to ensure that (i) the right conditions are in place not only to ensure non-discrimination but to enable positive impact and (ii) influence the capacity to continue to create ripple effects and deliver impact beyond Swedfund's active ownership.

The Gender lens has its starting point in the baseline of a company's gender performance and identifies gaps and potential areas for improvement. The core Gender assessment analysis naturally also requires all investments to comply with the commitments and relevant standards outlined in Swedfund's Ethical Compass. Key components applicable for the Gender assessment are ILO's Declaration on Fundamental Principles and Rights at Work, ILO's Basic Terms and Conditions of Employment, IFC Performance Standards (primarily PS2), the United Nations Guiding Principles on Business and Human Rights (UNGP), and lastly the 2x Challenge.

The Gender Lens thus comprise analyses primarily conducted within the framework of the Impact processes and tools, as well as the Environmental and Social (E&S) Due Diligence Questionnaire and Action Plan.

### 2.1 Concept Clearance - *2x qualification potential*

The aim during Concept Clearance (CC) is to assess the potential to fulfil any of the 2x criteria, and if so, understand the implications of the criteria for the specific investment case as well as the basic risks related to gender. Investment cases are split into categories based on their perceived Gender potential, in order to be factored in in the decision process. Assessment at this stage should primarily focus on a qualitative approach and extraction of gender insights from available materials.

## 2.2 Due Diligence - *Verify 2x criteria fulfilment, or the future potential to do so*

Firstly, the CC assessment should be verified and supported by data through information collected in Due Diligence (DD) Questionnaires or other provided investment documents - covering essential gender issues within the scope of ILO conventions and IFC Performance Standards and captures baseline data on the investment opportunities gender performance.

If the investment opportunity is confirmed to meet the 2x criteria, the implications should be further analysed to include a gender narrative in the investment documents and a closer conversation around a formal 2x commitment should be initiated with the company.

Lastly, all companies will be asked to undertake a Gender Gap-analysis, which pinpoints gaps and opportunities for a Gender Action plan.

## 2.3 Active ownership – *Value creation with Swedfund's Gender programs*

The Active ownership phase seeks to continuously understand which areas that can be positively impacted and improved. Companies' gender performance is continuously assessed based on data collected in annual Sustainability reports. In accordance with the companies' Gender Action plans activities will be initiated and monitored. Identified gaps are supported and addressed by Swedfund's catalogue of Gender programs.

Co-learning opportunities with portfolio companies will be encouraged to develop tailored programs or initiatives for specific needs and innovative approaches that address WEE.

Swedfund should also leverage its potential roles on boards or other relevant governance structures to promote the strategic value of gender inclusive businesses.

## 2.4 Exit – *Assessment of withstanding Impact*

An integrated commitment of Swedfund's responsible ownership is to assess the (i) results of risk mitigating and value adding activities, and subsequently the (ii) withstanding impact of Swedfund's engagement in the company's continued activities. This is an integral part of the investment cycle as the realisation of wider impact primarily occurs in the long-term ex-ante phase.

## 3. Further Information

For further information and feedback, please contact Swedfund's ESG & Impact team

# Swedfund's Gender lens process

