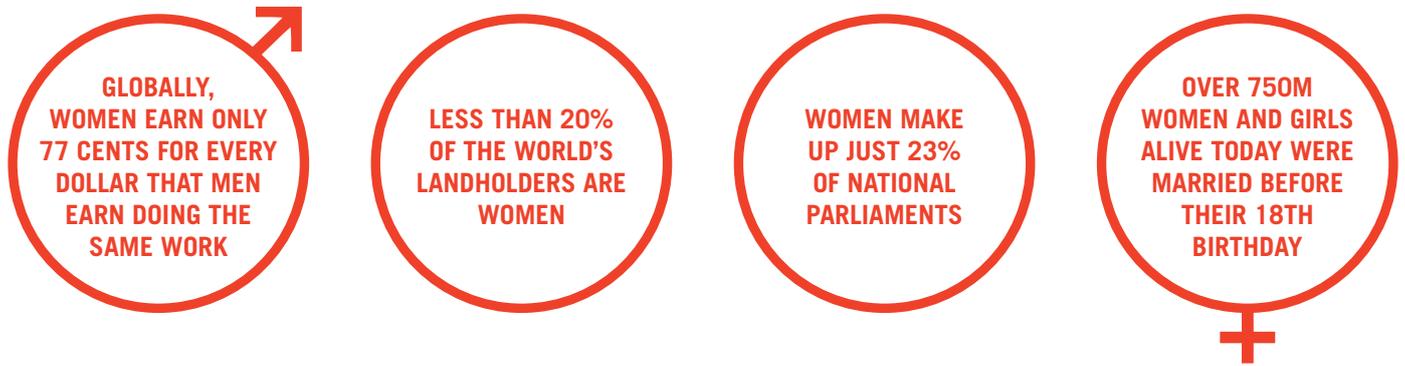


Gender Lens Investing



(SOURCE: UN 2018)

Women and girls continue to suffer discrimination and violence in every part of the world. **GENDER LENS INVESTING** is the practice of investing for financial return through the lens of female empowerment; considering the issues women and girls face around the world, the power of women's leadership, and the solutions to these challenges.

There is an estimated \$910m invested publicly in strategies with a gender lens mandate, up 41% from the year before.¹ Broaden that out to investment vehicles with some form of gender screening and the market is much larger: latest estimates reveal gender lens criteria were applied

to \$868 billion in US money manager assets², more than double the \$397 billion identified in 2016. In the private markets, research from Wharton and Project Sage 2.0 has identified 87 private gender-lens funds, up from 58 in the previous year, that have now backed 828 companies³. It's clear that investing through the lens of female empowerment has captured the market's imagination and appetite for change. But why, where did it come from, and what are the strategies for doing it?

In this short paper we explore the rise of gender lens investment, its role in delivering the United Nations Sustainable Development Goals ("Global Goals" or

"UN SDGs") and how to build a strategy that reflects an investor's desire help make change happen. We draw on our experience at Tribe as well as the expertise of our Tribe Fellow, Suzanne Biegel, to outline the different approaches that can be activated across a portfolio.



The empowerment of women and girls underpins most, if not all, of the Global Goals.



ABOUT THIS PAPER

This paper was prepared by Tribe in conjunction with our Tribe Fellow, Suzanne Biegel.

Suzanne has over 30 years' experience in sustainable business, social investment, emerging markets and domestic entrepreneurship, and the linkages between philanthropy and international development with investment. Her career started at IBM and spanned several technology start-ups, her own successful e-learning company, and a portfolio career as an active impact investor herself, board member, adviser, and consultant. She is Senior Gender Lens Investing Adviser at Wharton Social Impact (part of Wharton Business School) as well as a recipient of the Beacon Award in the UK.



SUSTAINABLE DEVELOPMENT GOALS

¹ Veris Wealth Partners, November 2017

² US Sustainable, Responsible and Impact Investing Trends', US SIF, 2018

³ Project Sage 2.0', Wharton Business School, November 2018

The opportunity

McKinsey⁴ recently identified the countries that were the fastest improvers in terms of gender equality in their region. If every other country in the region matched these improvers, it would add \$12 trillion (11%) in annual GDP by 2025. In a scenario in which women play an identical role in labour markets to that of men, global annual GDP would be boosted by 26%⁵. The lost economic opportunity embedded in gender inequality is profound. It's both this lost opportunity, and the moral imperative to ensure full rights for women and girls globally, that has driven much of the growth in gender lens investing.

We know that when more women work, local and national economies grow⁶.

Evidence also shows that increasing the share of household income controlled by women, either through their own earnings or cash transfers, changes spending in ways that benefit children, including access to and longer engagement in education⁷. In 2016, over 130m girls were out of primary or secondary school from 230m overall. Girls are more likely to be or drop out of school and yet, if all girls went to school for 12 years, low- and middle-income countries could add \$92 billion per year to their economies⁸.

Additionally, recent research from Brookings Institute outlines that educating girls is one of the most effective but overlooked ways to mitigate against climate change⁹. Couple that with the

drive towards family planning and you have two of the most effective interventions in the fight against climate change that together would reduce CO2 emissions by an 120 gigatons by 2050¹⁰.

The empowerment of women and girls underpins most, if not all, of the Global Goals. Whether that's Goal 16 (Peace, Justice and Strong Institutions) by increasing the participation of women in post conflict peace processes, justice and political systems, or Goal 2 (Zero Hunger) by investing in female smallholders to drive more sustainable husbandry and agricultural practices through more equality in land rights. Women play an integral role in our drive towards true sustainable development.

The background

The Women's Equality Mutual Fund (now part of PAX Worldwide) was started in 1993 as the first mutual fund to focus on evaluating companies according to their policies and practices toward women's social and economic equality. This was one of the earliest seeds in the global gender lens investment movement.

The next watershed moment was the launch of the Calvert Women's Principles in 2004. The Principles, developed in partnership with UN Women¹¹ and informed by the launch of the UN Global Compact in 2000, sought to address the issues of gender empowerment through a dedicated focus on the treatment of women in the workplace.

We've seen a number of important initiatives since then including Norway introducing gender quotas in 2005, The Gender Equality Principles in 2008, and the UN Women's Empowerment

Principles in 2010. In 2011 EDGE, the Global Business Certification Standard for Gender Equality, was launched at the World Economic Forum. This tool is designed to encourage and enable businesses to manage their gender footprint; it's now used in over 48 countries across 23 industries around the world.

The emergence of data is such that the specialists Equileap launched in 2017. Along with Equileap, there are now a number of ratings firms providing the data to feed up to 30 exchange traded funds (ETFs), mutual funds, and other structured vehicles.

Much of the progress that has been made in gender lens investing to date has focused on operational aspects of business. And within this there has been a clear preference for focusing on employment opportunities and

practices. There is growing evidence that board diversity is a factor in financial performance. Credit Suisse, for example, found a 5% outperformance for companies that had at least one woman on the board from the start of 2012 to June 2014¹². MSCI found that companies in the MSCI World Index with strong female leadership generated a Return on Equity of 10.1% per year versus 7.4% for those without¹³.

However this is only one perspective, we need to look at businesses that are specifically tackling the issues that women face, whether that be the need for family planning and sexual health advice and products, through access to education, to land rights. It's an important distinction we make at Tribe: not only how businesses are operating, but what they are producing; looking across operations and business purpose and product.

⁴ 'The Power of Parity: How advancing women's equality can add \$12 trillion to global growth', MGI, September 2015

⁵ ibid

⁶ 'Progress of the World's Women 2015-2016: Transforming economies, realizing rights', UN Women, 2017

⁷ World Development Report: Gender Equality and Development, The World Bank, 2012,

⁸ 'Safer, Healthier, Wealthier', Malala Fund, 2017

⁹ 'Three Platforms for Girls' Education in Climate Change', Brookings Institute, 2017

¹⁰ 'Drawdown', Penguin, 2017

¹¹ Also known as the UN Entity for Gender Equality and the Empowerment of Women

¹² Credit Suisse, The CS Gender 3000: Women in Senior Management, September 2014

¹³ MSCI, Women on Boards 2015

An approach

There are now more products aimed at addressing this gender gap and more recognition of the importance of investing through the lens of gender equality. That's great, but we see time and time again confusion as to where to start and how to do it. This is where Tribe spend time helping our clients work out what they want to do.

Naturally, this is distinct to each individual. But the starting point will be trying to identify what you want to achieve. This is a big question for anyone, whether you're a seasoned impact investor or not. Without a reference framework or the knowledge to know what the issues are, what interventions work and, most importantly, which ones you care about, it's easy to slip into investment paralysis. Or worse, a tick box exercise without any consideration to the actual impact of that investment.

Whilst every investor is different, we recommend starting the journey with three steps.



STEP 1: IDENTIFY YOUR BELIEFS AND VALUES

Start with what you believe in. One way to do this is to begin with your values, then work backwards.

At Tribe we use the Global Goals as a compass to map all the issues our clients care about and prioritise them. From this you'll find your **VISION OF CHANGE**: a high level narrative that reflects your values as a future world. It will use the existing system and interdependency within the Global Goals framework to help you articulate what you believe in and your values as results.

Beliefs are moral views we hold, often set when we are young, and are typically hard for us to articulate. They inform our values. It's usually easier to start with our values as we may, for example, know that we believe in equality, we believe in democracy, we believe in collaboration, etc. These are values but are informed by most people's belief that we are equal, we all have a right to express an opinion, we are stronger together than we are apart, etc. Mapping your beliefs and your values gives a strong foundation upon which to build your deeper **THEORY OF CHANGE**: what that future world will look like and the steps needed to get us there.



STEP 2: UNDERSTAND THE SYSTEM

Gender-lens investing is one of the most interdependent frameworks, so it requires you to think about all the interrelated components - sometimes called systems thinking. By using the mapped and prioritised Global Goals, you can start to look at the system that you have just created. For example, you may have chosen Goal 5 (Gender Equality), as well as Goals 2 (Zero Hunger), 3 (Good Health & Wellbeing), 4 (Quality Education) and 13 (Climate Change).

We know women lack access to land (Goal 5 and Goal 2). But when they do have access to land and farm it, they adopt more sustainable agricultural practices (Goal 2). In turn, this helps keep more carbon in the soil and supports the mitigation of climate change (Goal 13). We're now starting to create a powerful gender-based investment narrative. This will allow the investor to refine what elements of a gender lens investing strategy they may want to adopt, alongside a broader sustainable development investing approach.



STEP 3: PLANNING YOUR IMPACT AND DELIVERY

Now that we have a vision and theory of change, you can work out how you want to deliver it. This will include what types of business and investment opportunities are appropriate, and what form impact will take: macro scale change or more localised micro change; tight definitions of impact evidence or less formal observations, etc.

In order to work out what types of gender lens opportunities you're interested in, we'd suggest looking at three levels of activity a business can have:

- 1 How it supports gender equality and your vision through its **CORE OPERATIONS** (how gender friendly is it in terms of employment practices across the business, supply chain management, community engagement etc);
- 2 How it delivers the change you want to see through its **CORE PRODUCTS AND SERVICES** (how are women and girl's needs factored into the product R&D and delivery, what is the current product / service menu and how gender friendly is it); and
- 3 How it affects and mobilise change through **ADVOCACY AND INFLUENCE** (does it through public policy advocacy and/or marketing and communication promote change as it relates to the issues you care about, can it mobilise consumer sentiment to drive change).

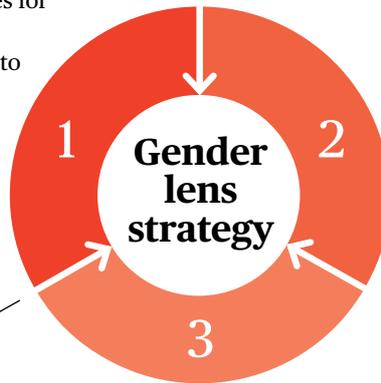
As you can see, mapping what you want to do is an exercise in asking the right questions. Our three stepped approach helps guide investors through the complex world of gender quality and sustainable development, to identify and codify the change they want to see into an investment strategy that is deliverable across both public and private markets.

An example

Let's imagine that you've gone through the steps above and your approach to gender lens investing is a focus on the healthcare sector and companies. What do we then look at?

CORE OPERATIONS

We may want to start by looking at operational issues associated with healthcare, and within that focus on diversity in healthcare businesses, potentially broadening the sector to include food products targeting women for wellbeing and health. We could look at diversity within those businesses as a proxy for whether the business is informed by balanced thinking of both genders. We may also choose to look at workplace practices for how that business supports women during their careers and the milestones they may face: access to parental leave, health insurance, access to family planning, menstrual leave, etc. This could include the supply chain too: how female-led businesses and diversity feature as a factor from female run businesses to equal pay and financial inclusion. From this we build a view as to the operational gender footprint of a business. Indices such as Equileap and EDGE help us enormously to navigate this complex landscape of workplace gender issues, but they are not comprehensive, so it falls on us to research further.



CORE PRODUCTS & SERVICES

We then move to look at what the company is producing. This can start at the beginning of the product lifecycle: who is integrating female health needs in research and development. Are they creating a service environment that empowers women and girls to have control over their own health, or access support freely and safely, for example, via digital healthcare? Or do you want to target diseases that have a much higher occurrence in women, for example breast cancer? Do we want to focus on natural and alternative healthcare for women and girls? Shall we look at mental health and the role of media and technology in driving low self-esteem and increasing self-harm whether through eating disorders or other physical abuse?

ADVOCACY & INFLUENCE

Finally, we'll look at their public policies and activities. Who is out there leading the charge in terms of greater access to, and equity in, the healthcare infrastructure as it relates to women and girls? Who is using their brand to challenge embedded societal prejudices on women and girls' health issues?

Within all of the above we'll identify our tolerances for what we term **IMPACT TRADE-OFFS**: where we focus on one impact issue at the potential detriment of another. For example, we may choose to invest in a company that has less operational excellence in gender equality because the product specifically delivers benefits to women that far outweigh any potential negative impact in workplace diversity. These trade-offs will present themselves as we work through the data to hand.

All the time, we will be looking for the opportunities in healthcare for the female

market that are respectful to women, have women in design, are priced fairly and are accessible, and that deliver the change we want to see. We will be asking ourselves "What am I trying to solve for?", revisiting our theory and strategy for change, and interrogating where we are our boundaries for impact trade-offs.

With this approach, we are able to create not just one but potentially a number of gender strategies that may help solve differing issues we care about, in multiple ways, across multiple asset classes. This enables us to weave together our gender

lens investing strategy across our wealth. So, whether you are focused on health and wellbeing, education, financial inclusion and economic opportunity, or other issues, this approach empowers you to create a strategy that works for you, recognising the interdependency and connectivity between the issues you care about.

As always, we welcome comments and observations and would love to hear from you on how you may have adopted and deployed a gender lens investing strategy within your wealth. The more we share, the more we all learn.

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