

Swedfund

Swedfund's Guiding Note on Gender

2024-06-26



Guiding Note: Gender Equality

Guiding notes describe Swedfund's view and process for implementation of the key sustainability themes that are defined in Swedfund's Policy for Sustainable Development and Anti-Corruption such as Climate, Decent Work, Gender and Human Rights. We recognize that the key sustainability themes are closely interlinked and overlap, however only one theme is described per Guiding Note. 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 thematic areas and is a central component for decision-making and in active management. Therefore, Swedfund seeks to implement a gender lens fully and systematically in the investment process rather than handling it as an isolated issue.

Swedfund's gender lens aims to integrate a gender perspective to all investments and throughout investment processes to (i) prevent and respond to risks related to gender-based discrimination, violence and sexual exploitation, abuse and harassment (SEAH), and (ii) unlock opportunities for strengthening gender equality and women's economic empowerment.

1.1 Key Focus Areas

Swedfund's commitment to gender equality is framed within our mandate as a Development Finance Institution (DFI). Swedfund recognizes the need of equal inclusion of women as stakeholders/right holders, and their voices, concerns and valuable ideas are to be heard in investment processes, workplaces and communities.

As a private sector investor, we can create impact in and through our portfolio companies. Within the area of gender, Swedfund has identified

three priority areas through which we believe we have particular opportunity to contribute to greater equality and empowerment of women – namely ownership/leadership; workforce; and products and services.

Ownership/Leadership	Workforce	Products/Services
<p>There is distinct empirical evidence that companies with equal leadership perform better financially and that women generally are underrepresented as owners and leaders</p>	<p>Women comprise half of the world's population and workforce potential, but are generally less likely than men to progress in their careers and generally have less funds when they retire</p>	<p>Equality starts with equal access to products and services, including capital, that can help meeting everyone's basic needs and unlocking women's equal opportunity and participation in society</p>
<p>Swedfund will invest in and work with portfolio companies to promote meaningful and equal participation for women as owners and entrepreneurs, as well as in senior management and boards</p>	<p>Swedfund will invest in and work with portfolio companies to create secure, meaningful and equal opportunities and conditions for women to develop within their workplace specifically and in their professional lives more broadly</p>	<p>Swedfund will invest and work with portfolio companies to encourage the development and financing of products, services and business models that help to improve the situation and participation of women and girls in society</p>

1.2 Collaborations

Swedfund collaborates with carefully selected partners to align our efforts and amplify our impact within the area of gender equality.

One key initiative for Swedfund has been the *2X Challenge* - a global investment initiative that was established in 2018 by the DFIs from the G7-countries with the goal to direct capital towards investments that contribute to gender equal access to leadership opportunities, quality employment, finance, enterprise support, as well as products/services supporting equal opportunity, participation and inclusion in society, in line with the 2X Criteria. As a member of 2X Global, Swedfund collaborates not only with other DFIs, but also with a wide range of other gender lens investors.

Another important gender collaboration for Swedfund is with the Swedish women's rights organization, Kvinna till Kvinna. This partnership, which was established in 2019, has been an important foundation for Swedfund to work with prevention and response to SEAH risks – realizing that this is a prerequisite for achieving the overall goal of gender quality.

Swedfund also closely collaborates with a wide range of other gender-expert organizations in developing and implementing Swedfund's gender technical assistance (TA) toolbox.

1.3 Measurement & Goals

EDFI has established a harmonization agenda to report on gender investments and gender disaggregated data in line with the 2X criteria,

which subsequently Swedfund's gender indicators and targets have been aligned with.

Swedfund's overall mission target within the area of gender is to achieve increased gender equality in the investment portfolio in terms of 2X Criteria, that shall be met in not less than 60% of the investments no later than three years from the date of investment.

By contributing to leading global initiatives and gender impact studies, Swedfund also contribute to the build-up of an evidence-base that can support more gender smart investments and efforts – highlighting investors' role and the private sector's opportunity in contributing to gender equality and Agenda 2030, and accelerating the mobilization of capital that promote gender equality.

2. Gender Lens Process

Swedfund's investment process includes a gender lens that applies to all investments; this entails an integrated approach to analyse investment opportunities' potential to contribute to gender equality and perform based on the 2X criteria. The gender lens aims to address gender throughout the entire lifetime of an investment and to ensure that (i) the right conditions are in place both to prevent and respond to gender-based discrimination, violence and SEAH, and to enable positive gender impact within workplaces and wider societies, including 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 practices, processes and performance and identifies gaps, potential areas for improvement and opportunities for unlocking greater gender impact. The core gender assessment analysis naturally also requires all investments to comply with the commitments and relevant standards outlined in Swedfund's Ethical Compass and Policy for Sustainable Development. 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 (not only concerning equal opportunities but also the guidance on workplaces free from discrimination, violence and harassment), IFC Performance Standards (primarily PS2), the United Nations Guiding Principles on Business and Human Rights (UNGPs), Women's Empowerment Principles and the 2X Criteria.

The Gender Lens thus comprises analyses and work conducted within the framework of the Impact Due Diligence, active management processes and tools, as well as the Environmental and Social (E&S) Due Diligence, processes and tools. The Gender Lens is also linked to the work of Business Integrity (BI) regarding risks related to sextortion, a form of corruption where sex is the currency. Gender items can be embedded into legally binding action plans of E&S, Impact and BI. A gender toolbox, including technical assistance support, is available to help investees in bridging gaps or unlocking opportunities that can enable greater gender equality.

2.1 Concept Clearance - Initial Assessment of Gender Impact Potential and SEAH Risks

The aim during Concept Clearance (CC) is to assess the investment opportunity's potential to fulfil or contribute to any of the 2X criteria and identify the potential high-level risks related to gender-based discrimination, violence and SEAH. Assessment at this stage should primarily focus on a qualitative approach and extraction of gender insights from available materials.

2.2 Due Diligence - Deep-dive Assessment of Gender Impact Potential and SEAH Risks

Firstly, the CC assessment will be verified and supported by data and information, collected in Impact and E&S Due Diligence (DD) Questionnaires and as other key documents, as well as through direct dialogue with the prospective portfolio company.

From the impact side, beyond verifying alignment with the 2X Criteria, a deeper assessment is conducted around intentionality to create positive gender impact within the area of the 2X criteria, requiring conversation with the prospective investee around needs, opportunities and potential for a time-bound commitment. From the E&S side, a SEAH risk assessment is conducted, alongside review of potential issues within the scope of ILO conventions and IFC Performance Standards.

The DD pinpoints gaps and opportunities that should inform items to be integrated in an action plan.

2.3 Active Ownership – Monitoring and Value Creation with Swedfund’s Gender Toolbox

The active ownership phase seeks to regularly identify and provide support in areas that can be positively impacted and improved. Companies’ gender performance is regularly assessed based on data collected in annual Sustainability reports. In accordance with the companies’ action plans, efforts will be initiated and monitored. Swedfund’s gender toolbox, including a range of technical assistance programs, is also available to support in the bridging of specific gaps or unlocking of potential opportunities.

Swedfund aims also to 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 Progress and 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 – johanna.raynal@swedfund.se.

Swedfund's Gender Lens Process

