A Roadmap for Australian Investors

How to invest to achieve gender equity, racial equity, diversity and inclusion

Created by Capital Human and Impact Investing Australia, 2022

This page is intentionally left blank

Cover image source: Trevar Skillicorn Chilver

Table of Contents

Creative Commons Attribution 4.0 International License

Disclaimer

This document has been developed by Capital Human and Impact Investing Australia Ltd. Nothing in this report should be construed as financial or other expert advice. This document does not constitute an offer of securities or any other financial product or advice in relation to any such product. Any errors or omissions are the responsibility of Capital Human and Impact Investing Australia Ltd and the author(s).

ISBN: 978-0-6482749-7-1

Report Authors and Contributors

Sally McCutchan
CEO and Partner,
Bridges Australia
Director, Impact Investing
Australia

Sabina Curatolo
Partner and Head of Impact,
Bridges Australia

Manita Ray
Managing Director
and Founder,
Capital Human

Theresa Rajah
Regional Lead (APAC),
Capital Human

We would like to thank Samantha Mileto and Sanha Lee from Capital Human for their contributions to the report content and design.

Our sincere thanks also go to Patrice Virlombier for communications and proofing, and Bruce Campbell from Impact Investing Australia.

Acknowledgements

Impact Investing Australia and Capital Human wish to thank the following donors who contributed towards this landmark project and made it possible to conduct the extensive research phase that informed the Roadmaps:

- Investing in Women, an Initiative of the Australian Government.
- Paul Ramsay Foundation
- Fouress Foundation
- 5 Point Foundation
- Vasudhara Foundation
- Water for Women
- The Grace and Emilio Foundation.

We would also like to thank the investors who participated in the Australian GLI Roadmap online survey and interviews for providing such critical insights into contempory gender lens investing (GLI) practice.

We also acknowledge and thank the following investors for participating in the GLI Roadmap Case Studies featured in this Report:

- BlackRock
- Grow Corp
- HESTA
- Illinois Teachers Retirement System
- Melior
- QBE
- Sasakawa Peace Foundation
- Trillium
- Veris Wealth Partner.

image source: Roadtrip with Raj, Unsplash

Executive summary

Investors can play a critical role in achieving gender equity, racial equity, diversity and inclusion outcomes. Investing to achieve these outcomes presents investors of all types with significant opportunities for improving investment performance, uncovering new investment opportunities and reducing risks. Globally and in Australia, there is a growing trend of investors who are adopting a gender lens within their organisations, in investment processes and through their influence.

A number of Australian investors (featured in this report) are also recognising the positive benefits of gender lens investing (GLI). Yet many investors are still unaware of what GLI means and how to start their journey. There is also a perception that integrating an approach that considers gender and racial equity may limit investment opportunities and increase investment risks.

The Roadmaps

Capital Human and Impact Investing Australia (IIA) have created Australia's Roadmap for Australian Investors detailing how to invest to achieve gender equity, racial equity, diversity and inclusion outcomes by investing in and from Australia (the Roadmap). It is a tool for investors to identify opportunities and implement initiatives that will not only achieve gender equity, racial equity, diveristy and inclusion outcomes, but also help improve organisational level and investment performance and mitigate risks.

These Roadmaps are unique. They are:

- **Tailored to investor type and stage in their journey:** Investor types include Asset Owners, Fund Managers, Wealth Managers, and Family Offices and Foundations. They focus on actionable, practical strategies for building inclusive workplaces and investment decision making that is in alignment with an investor's performance objectives and organisational values. Importantly, the Roadmaps allow investors to start or strengthen their approach to GLI, acknowledging many are commencing or very early in the process.
- **Tailored to each asset class:** Where possible, the Roadmaps are tailored to asset classes.
- **Intersectional:** The Roadmaps integrate gender and racial equity (as well as other forms of social equity) to ensure that different and often intersecting forms of discrimination and disadvtange are addressed.
- **Framed using the '3i Framework':** Building on successful practice around the world Capital Human and IIA created a framework that outlines how Australian investors can most effectively integrate gender into their investment frameworks and decision making processes. It uses a three pronged framework (the 3i) of: 1) **I**nternal operations; 2) **I**nvestment process and 3) **I**nfluence on System. Importantly, this framework is a 'whole of company' approach to integrating intersectional gender equity.
- **Modular:** Approaches and strategies in the Roadmaps can be implemented individually, sequentially or in combination under the 3i Framework. While some are interconnected, generally, investors can

Executive summary

select strategies that are aligned with their operations and investment approaches as well as select those that may extend work already progressed in gender equity, racial equity, diversity and inclusion.

The 3i Framework explained

Our GLI 3i approach is designed to connect the core elements of a company's Internal operations, Investment process and Influence on system. It promotes an integrated approach for investors considering gender and racial equity and the outcomes for their own people, policies and processes. The ultimate goal for companies striving to be 'best in field' is the integration of gender equity outcomes under all 3i areas:

- Internal operations: How to consider gender and racial equity within your company (governance, policies, people, processes).
- Investment process: How to consider gender and racial equity within investment processes (specific to investor type).
- Influence on system: How you can use your influence to achieve gender and racial equity beyond your own core work.

What is Gender Lens Investing and why should you care?

Part 1 of the Report looks at what gender lens investing is and why it is important for investors to consider. We found that GLI approaches are often bespoke to investor types or asset classes and therefore GLI can mean different things to different investors.

Based on our review of a range of GLI definitions, the following elements and recurring foci help construct a contemporary understanding of GLI as:

- **Identifying opportunity and risk:** A strategy for identifying GLI-related opportunities and revealing any risks.
- **Better informing investment decision making:** Leveraging gender analysis to better inform investment decision making.
- **A gender-focused strategy:** A strategy that advances and operationalises an investor's intended change or impact in relation to gender equity.
- **Achieving multiple gender equity outcomes through investment:** A lens for evaluating investments in relation to targeted outcomes such as advancing women in leadership, women's access to capital, and supporting the design of products and services beneficial to women and girls.

There is a clear **business case for GLI** from a risk, return and business development perspective. Companies in the top quartile of gender diversity in executive teams are 21% more likely to outperform the market on profitability and 27% more likely to have greater value creation. In comparison, companies in the bottom quartile are 29% more likely to underperform the market on profitability.[1]

Executive summary

A GLI approach can also drive better performance outcomes for investors. In 2019, capital raised with a gender lens across private equity, venture capital, and private debt vehicles cleared A$6.7bn, up from A$1.5bn in 2017. In the same year, private equity and venture capital funds in emerging markets with gender-balanced senior investment teams generated up to 20% higher returns compared with other funds and portfolio companies with gender-balanced leadership teams outperformed in terms of valuation increases by as much as 25% compared to non-diverse teams.[2]

In Australia, the Workplace Gender Equality Agency (WGEA) found an increase of 10 percentage points or more in share of female representation on the Boards of Australian ASX-listed companies leads to a 4.9% increase in company market value, worth the equivalent of A$78.5mn for the average company. It also found female key management personnel leads to a 6.6% increase in the market value of Australian ASX-listed companies, worth the equivalent of A$104.7m for the average company.[3]

Conversely, a failure to implement a gender diversity approach could heighten business or investment risk. Morgan Stanley breaks this risk down into three possible categories that cover:

- A higher risk of industry or regulatory implications such as discrimination lawsuits.
- Supply chain risk in relation to the exploitation or harassment of women and girls.
- Operational risk generated by poor talent retention and productivity.[4]

For Asset Owners, Fund Managers and Wealth Managers there is an additional imperative: the opportunities and risks around their clients. For example, by 2028, 75% of consumer spending is forecast to be controlled by women.[5]

Intersectionality

Considering other social factors such as race, ethnicity, ability and more, uncovers investment opportunities and creates inclusive workplaces. For example, considering race and gender as part of the investment analysis and internal composition of investment teams can contribute towards greater levels of innovation and opportunity. An intersectional approach also allows an organisation to identify and create more equitable systems to attract and retain diverse talent. Acknowledging these intersecting factors is important - it ensures initiatives aimed at creating inclusive work practices are tailored, and that where possible, unintended consequences are avoided.

Racial equity is seen as both a risk and an opportunity for organisations. A company that stacks up well based on racial equity factors may outperform, especially in more volatile markets, when resilience, flexibility and leadership are paramount. There is a weight of money behind this. In June 2020, Confluence Philanthropy asked members to make a pledge to discuss racial equity at their next investment committee meeting. Just three days later, 67 institutions had committed to do so, representing US$534bn in assets under management (AUM). As of mid-October the same year signatories represented US$1.9tn in AUM.[6]

Executive summary

A number of studies reflect the benefit of racially diverse Boards and management teams. According to a McKinsey & Company analysis of over 1,000 companies, when considering ethnic and cultural diversity, top quartile companies were 33% more likely to outperform on profitability. Companies with diverse Boards of Directors were 43% more likely to outperform. The corollary was also true: the penalty for not being diverse based on gender or ethnicity was high. Specifically, they were 29% more likely than the other three quartiles to underperform on profitability.[7]

A Boston Consulting Group study found that low performance on racial equity factors may result in poor talent retention and lost productivity and that customers could be turned off by public accounts of discriminatory comments, practices or policies and therefore take their business elsewhere 'leading to top line revenue degradation'.[8]

GLI by Asset Class

Private Markets: Globally, GLI tends to be concentrated in private markets. Given this, significant research and product development has been largely focused there. Private debt has historically surpassed equity in fundraising. This reflects the growth of GLI as a strategy for developing markets and sectors targeted toward financial inclusion. In private markets, investors can more explicitly target aligned investments and influence an investee company's approach to gender. Project Sage 3.0 identified that many that invested equity at Seed to Series A also did convertible notes. Some Seed to Series A funds were investing with newer structures: revenue participation loans, royalty structures, and flexible debt. Several of the vehicles were structured as holding companies, or Limited Liability Companies (LLCs), rather than funds but had the approach of funds.[9]

Public Equities: There are significant current capital commitments of around A$4.2bn in public equities' GLI strategies, however current fundraising is largely non-existent for this asset class[10]. Typically public market fund managers' GLI 3i's approach areas are in the 'Internal' and 'Influence'. This often includes a focus on the diversity of their own teams and influence on investee Board composition through shareholder advocacy. Publicly traded mutual funds and Exchange Traded Funds (ETFs) potentially democratise access to GLI, however they need to have enough scale to support fund economics and enough of an investment universe to mitigate risk. Gender Lens Fixed Income[11] has grown at a significantly faster rate than public equities. This asset class now represents A$10.7bn in AUM[12] and is particularly driven by Development Finance Institutions (DFIs) and Multilateral Development Banks such as the World Bank.

Executive summary

GLI by Region

Development of GLI in the US, Canada and Europe was driven largely by high net worth individuals whereas in Australia and Asia, new GLI capabilities, conversations and collaborations are emerging. We are seeing an expanding GLI ecosystem in Asia Pacific (APAC) and in Latin America (LATAM), with data concluding that gender diversity creates higher returns of investments and higher profit margins, appears to be finally getting some traction with fundraising a higher percentage than current capital committed.

In the South East Asian (SEA) region at the end of 2019, there were around 20 GLI-focused funds targeting SEA with six investing exclusively in the region representing AUMs of US$98mn.[13] Most of the GLI activity was with early-stage venture capital (VC) or private equity (PE) funds which may explain why the AUM in SEA is still relatively small.

Project Sage 4.0 reported that almost 40% of funds in their database invest in the US and Canada, 31% in Sub-Saharan Africa, and 26% were in East Asia, South Asia or SEA.[14]

GLI by sector

The sectors where GLI is most focused are healthcare, education, agriculture, consumer, femtech (tech for women's health) and IT[15]. This is consistent with the current capital commitments seen from the Phenix data although financial inclusion, agriculture and employment are growing as a percentage of fundraising targets.[16]

Other forms of diversity

Increasingly funds are reporting on and are being asked to report on other forms of diversity such as racial and ethnic diversity. Fund strategies are starting to consider LGBTQIA+, First Nations and other marginalised communities, ability, veterans, socio-economic status, migrants and refugees, youth and regional diversity. The intention is to gain a better understanding of a fund's diversity, equity and inclusion (DEI) commitments and also to use this data to further drive better outcomes in these areas.

Challenges

Data: "While progress to date is laudable, broad and consistent disclosure of gender disaggregated data continues to be a significant challenge[17]". Through dialogue, resolutions and proxy ballots, investment companies and shareholders are increasingly engaging with companies to disclose gender pay gap and other workforce diversity data as well as sex-disaggregated data on labour practices and supply chains. Shareholder activism has been effective in part because companies are seeing previously unaddressed gendered risks and are moving to mitigate them.

Lack of track record: A lack of track record can make capital raising challenging and raises the risk that GLI funds may be small and sub-economic. Project Sage 4.0 identified that 65% of the funds in their study were first time funds where the team members were not necessarily first time fund managers - just new to the strategy.[18] In addition, small fund size may limit

Executive summary

institutional investor and wealth manager participation. However, Phenix Capital data suggests that should current fundraising targets be achieved, the average fund size would grow by 48% leading to a significant improvement in economics and sustainability of GLI funds.

Education and awareness: GLI is still a relatively new strategy and awareness remains low. GLI fund managers face a number of challenges in educating investors and potentially portfolio companies around applying a gender lens, including low levels of local knowledge.

Lack of local market knowledge: The lack of local market knowledge, particularly in developing markets, often stems from foreign investors having limited knowledge of local investors and not having the same level of market experience or contextual awareness. The impact can be compounded in relation to culture and gender based issues. It can also lead to longer periods for deal sourcing and due diligence and over-estimation of the materiality of risk factors.

Investing to mitigate the impacts of COVID-19

Globally investors are leveraging investment opportunities that are also mitigating inequities, many that the global pandemic has exacerbated. These investors have identified areas such as affordable housing, the care economy, job creation and entrepreneurship and education as key investment opportunity areas.

The Australian Landscape

In Australia and Asia, the term gender lens investing is less well known but many investors are acting in ways that align with this approach. Through a series of interviews and a survey to Australian investors generally three categories emerged:

1. Those that were or were trying to apply an active gender lens across their entire organisation.
2. Those that believed they should be doing more - with most of their efforts focused on internal organising structures and were possibly also influencing.
3. Those that had not begun the journey and/or were not keen to engage around the topic.

Key findings by investor type are outlined in **Table 1**.

Table 1. Findings by Investor Type

	Internal	Investment	Influence
Asset Owners	A focus on diversity and inclusion rather than 'gender equality' specifically. Application to the composition of the Board, Senior Leadership Team or Investment Committee.	Gender is seen through the lens of a broader ESG approach. Requests of fund managers include the diversity composition of their teams. Historical performance of a fund manager is still the overriding factor for most in manager selection.	Many are actively engaged in trying to influence gender outcomes at the systems level. Direct voting and shareholder advocacy is a key lever.
Fund Managers	The formality of diversity, equity, and inclusion (DEI) policies varies with the size of the fund manager. Gender-specific objectives do often exist for internal operations and extend to the composition of the Board, Senior Leadership team or Investment Committee. Practices and policies are evolving.	A limited demand for gender-focused products from institutional clients. Demand is from family offices or high-net-worth individuals. In private markets, it is a consideration for a number of managers but more as a screen out than a screen in.	Public market investors tend to use shareholder voting and alignment with initiatives such as the 40:40 Vision as key tools for influence.
Wealth Managers	Concerted efforts are being made to move the dial on diversity and inclusion. Initiatives such as diversity committees, growing talent pipeline and inclusive systems are being adopted. A challenge remains in considering diversity at the advisor level.	A gender focus was not embedded in the investment process. Demand for this from clients was limited. There is some recognition of the connection between diversity and better decision making and that having a DEI approach increased competitive advantage.	Client demand is relatively limited for gender products. Influence needs to be advisor driven when opportunities for client 'education' or specific requests arise.
Family Offices and Foundations	These investors are Increasingly adopting diversity and inclusion or gender policies. The policies focussed mainly on hiring and support for staff leave. The background and culture of the family often underpin the approach to diversity.	Most are or would like to do more around gender lens investing. Challenges included a lack of expertise, resource constraints and availability of products. Many consider gender when investing with fund managers. A stronger gender focus in grant making than in investing the foundation's corpus. Gender strategies at the investment level included shareholder voting around Board composition or through deliberate private market investments.	Family offices often went beyond the more 'traditional' grants and corpus of a foundation to exert influence in other areas of gender support. This investor group also has an opportunity to collaborate and be the client demand that wealth managers need to contemplate 'gender focused' portfolio development and products.

Figure 1. Gender Lens Investing (GLI) Global Learnings for Australia

"It doesn’t need to be called GLI to be GLI."

"...and it doesn't need to be only GLI which often comes with other types of impact."

"Men need to be part of the conversation."

"We need more experts."

"There is no silver bullet on metrics and measurement."

"Don't be 'bitsy' make it organisational."

"If Australian and regional local investors don't see the opportunity, others do."

"Real change means challenging orthodoxies and helping changemakers."

"Moving the dial in public markets is harder but at the very least you have a vote."

"No one wants to be 'the only one''.

"For the majority it's still 'finance first."

"GLI is a tool to change the system not an end in itself."

"It’s hard to attract and retain female talent."

Executive summary

Challenges and Opportunities in Australia

While the scale and magnitude differ across each investor type, the challenges identified are very similar. These include:

It's a women's issue: 'Gender' and work around it continues to be seen as a 'women's issue' when in fact gender equality is about considering the impact on all gendered groups (women, men and gender diverse people).

There are no women: We heard often of the perception of a lack of female talent and associated difficulties in building a pipeline of such talent.

Understanding of intersectionality and other elements of diversity remains limited.

There is a lack of data and metrics: There is an opportunity to improve and potentially regulate disclosure by corporations (privacy issues permitting) to enable a better assessment of diversity performance and to further solidify the business case for diversity and inclusion. Mindsets need to change from transaction-focused to system-focused.

There is a lack of understanding of how to consider gender in the investment process: Considering and measuring gender impacts across sectors and asset classes requires both gender and investment expertise and/or a 'translator'. These skills are evolving in what is still a relatively young field.

Lack of products: this stems from a perception of limited client demand with many seeing gender as a "nice to have" or an overlay.

We need more education and awareness: More education and awareness is required around the business case.

13 Key Learnings for Australia

The key learnings that emerged from our interviews and research are summarised below:

Learning 1: It doesn't need to be called GLI to be GLI. While many investors did not self-identify as gender lens investors, they did in fact adopt a number of gender lens considerations across the dimensions of our 3is.

Learning 2: '...and it doesn't need to be 'just' GLI.' For a number of investors, GLI may not be their only impact approach, but this does not necessarily lessen its importance.

Learning 3: Men need to be part of the conversation. Finding ways to make a discussion on gender less oppositional and more inclusive is critical.

Learning 4: No one wants to be 'the only one'. Having the 'token' woman or diversity representative on an investment committee, board etc often adds to the problem.

Learning 5: It's hard to attract and retain female talent. Across investor classes, we heard that attracting and retaining female investment

Executive summary

professionals continues to be a challenge.

Learning 6: For the majority it is still 'finance first'. For institutional investors across most major markets, regulatory requirements may speak to impact considerations but not at the expense of financial return. The process of change is likely to involve requesting fund managers to consider gender diversity.

Learning 7: Moving the dial in public markets is harder but at the very least you have a vote. For public markets, interviewees described key tools as shareholder advocacy around Boards and senior leadership teams as levers to consider gender equality.

Learning 8: We need more experts. Collaborations between investors and gender experts can support investors starting their GLI journey and dedicated resources. Building internal expertise is critical for long-term sustainability of outcomes.

Learning 9: GLI is a tool to change the system - not an end in itself. Framing of the organisational gender or diversity approach taking into account the impact beyond the organisational level is critical for sustained and longer term change.

Learning 10: Don't be "bitsy"; make it organisational. The best GLI approaches start with a whole of organisational approach and an organisational sponsor not piecemeal initiatives.

Learning 11: Real change means challenging orthodoxies and innovation in how we evaluate performance. Examples include: not relying only on track record as the key factor that de-risks future performance, allowing for different managers for the same asset class to charge different fees and finally recognising that the failure to consider social and related diversity factors in the investment process adds a heightened level of thematic risk.

Learning 12: If Australian and regional local investors don't see the opportunity, others do. Private equity funds (mostly North American) are already directing their focus into East Asia, South Asia or South East Asia with 26% of survey respondents identifying this as a target region.

Learning 13: There is no silver bullet on metrics and measurement. Depending on the asset class, investor type and reporting requirements, one or several tools may be used.

Structures and Systems

Policy and existing regulatory conditions can be strengthened to encourage, enable, and ensure effective and sustainable GLI uptake in Australia and our region and contribute to tackling gender inequality. There is a need for regulatory and policy action to prime the pump, creating a pipeline for workforce progression for women and diverse minorities. Equally important is the shoring up of the pipeline to ensure there are no leakages along the way.

Why gender equity?

Gender equity is a cross-cutting issue across all investment opportunities and impact areas.

In fact, of the 230 unique global SDG indicators, 53 explicitly reference women, girls, gender or sex, including the 14 under SDG 5.

In almost all sectors, asset classes and regions, gender equity issues are present. Importantly, a gender lens approach when investing can ensure gender inequities are not exacerbated and in many cases these are reduced.

Investing in gender equity has the potential to improve investment performance and reduce investment risks.

Image source: Science in HD, Unsplash

The report is divided into three parts:

Part 1:

What is Gender Lens Investing and why should you care?

Business case: Explores the business case for gender lens investing and sets out the case for why it makes good business sense. The data reinforces, moral arguments aside, that considering gender and diversity just makes good business sense.

GLI terminology: Focuses on demystifying "gender lens" terminology.

Intersectionality: Discusses intersectionality and how multiple social factors such as gender, together with race, can compound inequity.

Part 2:

The current gender lens investing landscape, best practice and pathways for change

Global best practice in GLI: The different approaches adopted by a range of global players are examined here. These vary from one or a combination of ways of considering gender: within the organisation (Internal); across the investment process (Investment); and/or a more systemic approach (Influence). Learnings that are applicable to the Australian context are summarised here as well.

Australia in focus: This provides a high level mapping of the Australian GLI market (in and from Australia) including which players are implementing successful GLI strategies.

Opportunities and challenges: Presents the opportunities of a GLI approach for investors and the challenges that they continue to face.

Part 3:

GLI Roadmaps for investors

Investor Roadmaps (by investor type): Is an investor's guide to better investment decision making through leveraging diversity. This set of roadmaps has been developed for five different investor types and where possible by asset class. It has been designed to enable initiation to and effective integration of a gender lens into investment strategies.

A gender lens focus: This is often the first step in an approach to incorporating much broader aspects of diversity into business operations and investment. We hope this report helps those contemplating that first step as well as others more advanced on their journey in enabling a more inclusive and equitable Australia and region.

Structures and systems: The final section of the report identifies key policies globally that could inform changes needed at the system level in Australia to raise awareness and enable effective and sustainable gender lens approaches to investment.

Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.[19]

Image source: Pat Whelen, Unsplash

Introduction

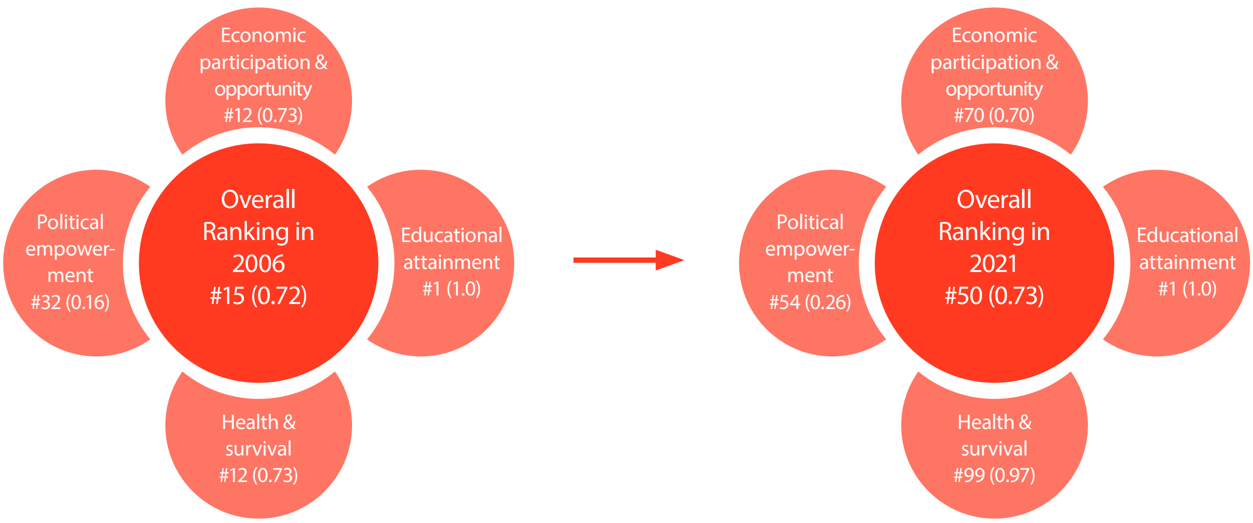
Since 2006 the Global Gender Gap Index[20] has been measuring the extent of gender-based gaps across four key dimensions (Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment) and tracking progress towards closing these gaps over time.

Figure 2 below shows how Australia has changed in its global ranking from 2006 to 2021. While Australia remains number 1 in educational attainment, its rankings in all other categories have fallen. Overall it ranks 50th out of 153 countries in closing the gender gap and lower at 70th for the sub-category of economic participation and opportunity.

Systemic change is needed if Australia is to pursue a more active role in closing the gap toward gender equality. Direction of capital and investment are powerful levers for change and gender lens investing is a strategy that can enable this.

With this as the backdrop, Capital Human and Impact Investing Australia have partnered to enable a better understanding of Australia's GLI landscape and provide a series of roadmaps for broader Australian investor GLI engagement in and from Australia. We believe that the broader adoption of a gender lens in investment decision making will contribute to tackling gender inequity in Australia and our region. For many Australian investors however awareness levels of the why and the how of this gender lens investment approach is low.

Figure 2. Changes in Global Gender Gap Rankings



Source: IIA adapted from data from The Global Gender Gap Report 2021, The World Economic Forum, 2021

Project challenges and considerations

- Definitions of GLI vary and Part 1 discusses these definitional variations. For the purpose of this Report, GLI is used to mean that an investor is using one or more approaches, either at their company level or in their investment processes, to reduce risks and leverage opportunities that will have positive gender equality outcomes.

- This Report uses the term 'gender equity' throughout given that the majority of the literature and investor activity in this field are predominantly focussing on achieving gender equity outcomes as part of their GLI approach. That said, the aim of this Report is to extend the consideration of inclusion beyond gender and therefore incorporate racial equity and other social issues to demonstrate that in addition to being achievable, it is also key to long-term performance and risk reduction.

- The data available on GLI was sufficient for the purposes of this Report however the capture and availability of longitudinal data still remains as a research gap. We acknowledge that at present, there are different ways in which institutions have produced and collected data. For the most part, this has not compromised the validity of the findings.

- The current breadth of data contributes to the nuance and variety of findings which offers multidimensional perspectives. As a research team we consider this critical to informing roadmaps unique to a region, investor type and an ever changing investment landscape. The data included in the Report is current as of December 2021.

- This Report focuses on investment as a tool for correcting inequitable and discriminatory structures in order to create gender equity. We acknowledge that finance and investment is not the sole solution or approach for driving this change and that ultimately a multi-sector, multi-stakeholder, multidimensional approach is fundamental to achieving gender equity.

- The focus of this Roadmap is on tangible and actionable initiatives. While there is discussion about why it is important to consider gender, the Roadmaps focus primarily on implementation and application of targeted strategies. This is about looking at what each investor can do and how they can do this.

Part 1

What is Gender Lens Investing and why should you care?

image source: Trevar Skillicorn Chilver

What is Gender Lens Investing (GLI) ?
The definitions of GLI

One of the fundamental challenges for investors considering investing with a gender lens is the many different definitions of what gender lens investing is. There is no single definition or approach. Interpretations and applications differ widely in both articulation and practice, and the field continues to evolve.

Despite the definitional variations, what is clear and what is demonstrated in the research and Roadmaps is that every investor can adopt a gender lens approach to investment.

A GLI approach is often bespoke to an investor type or asset class and does not involve one specific approach or investment decision.

Our research showed an almost equal split between definitions that refer to GLI as the 'application of investment strategies aimed at addressing gender inequality' and those that describe it as a set of gender-focused strategies that 'influence a company or fund's performance'. **Figure 3** provides examples from Project Sage 3.0. The varying interpretations and articulation of GLI reflect the broad scope of GLI practice that exists relevant to the type of investor or asset class to which it applies.

"There is no single, universal standard for what qualifies as a gender lens fund. Different industry groups and thought leaders set their own definitions. There are emerging frameworks and qualifying organisations." – Project Sage 4.0

Figure 3. Project Sage 3.0 – Defining GLI through the impact on women

Project Sage 3.0[21]

Project Sage 3.0 seeks to understand the current state of GLI globally for funds operating in private debt and equity markets including venture capital. They give funds the option to select five defined categories of GLI (and others) including:

- Advancing women in finance: fund managers, on investment committees (ICs), etc.
- Advancing women in leadership: C-suite positions, entrepreneurship, Boards, etc.
- Advancing companies that have a positive impact on the women they employ.
- Advancing companies that improve the lives of women in their ecosystem (supply chain members, etc.)

It is noted in the Project Sage 3.0 report that approximately 50% of the 138 funds included selected all five of the above classifications in their definition of gender lens investing, suggesting that this is still a very broad definition.

What is Gender Lens Investing (GLI) ?
The definitions of GLI

Based on our review of a broad range of GLI definitions, the following elements and recurring foci help construct a contemporary understanding of GLI as:

- Identifying opportunity and risk: A strategy for identifying opportunity and revealing risk.[24]
- Better informing investment decision making: The examination of gender dynamics through gender analysis to better inform investment decision making.[25]
- A gender-focused strategy: that advances and operationalises an investor's intended change or impact in relation to gender equality.[26]
- Achieving multiple gender equity outcomes through investment: A lens for evaluating investments in relation to targeted outcomes such as advancing women in leadership, women's access to capital, and supporting the design of products and services beneficial to women and girls.[27]

However, from our own interview-based research, we found that when it came to investing (which did not include grant making), most investors gave primacy to financial performance and return. As we will outline in the business case for GLI there does not need to be a trade-off with a GLI approach in fact quite the reverse.

Discussions around the use of language also emerged as a key feature of defining GLI. For example, while some reports discussed the movement towards the term 'diversity' instead of 'gender' or 'women' (to avoid viewing GLI strategies as overly narrow in their focus), other research discussed the complete lack of public reference to women or gender even though fund managers were "were targeting a positive impact on women".[28]

This highlights the need to consider the fund or investor's audience and continue broader dialogue around GLI as a practice and the current barriers or perceived limitations of using specific language.

Importantly, GLI is broadly recognised as a practice that highlights the status of women and girls as having a critical impact on financial outcomes related to unlocking greater

Figure 4. GLI Definitions that consider performance and returns

Gender lens investors incorporate gender analysis into their investment decision-making because they believe it can help improve financial returns, reduce investment risk, or generate specific social dividends.[22]

GLI is the understanding of gender roles as a material factor of analysis that strengthens investment decision making.

It is about analysing the way gaps between women and men influence a company's business performance, and in turn the performance of funds that allocate capital to companies.[23]

What is Gender Lens Investing (GLI) ?

innovation, increased profit and growth.[29] This aligns with SDG 5 which targets the achievement of gender equality and empowering all women and girls.

Ultimately, variations between different definitions highlight the ongoing question of defining GLI as a 'moral' versus a 'financial' endeavour. The relative focus and different weighting given to these two imperatives was the clearest distinguishing factor between definitions.

In determining their own approach to gender, investors therefore need to examine their underlying objectives. For Development Finance Institutions (DFIs) or government entities created for market building purposes such as the Australian Government's Emerging Markets Impact Investment Fund (EMIIF), concessional returns may be taken to prosecute gender-related objectives. This may also be true for philanthropists.

Overall, we do not believe gender lens investing and the objective of gender equality hangs on any one definition. It is more about engaging in a process of considering gender equity outcomes to the extent possible given the investor's objectives and constraints.

Our 3i Framework (Internal operations, Investment process and Influence on system) is a mechanism for this consideration which we detail in Part 3 by investor type. Transparency and reporting are also key components in the adoption of a gender lens approach to ensure integrity is maintained in the process. Fundamentally, any GLI approach must be mindful of not only focusing on women as the sole influencing factor relevant to gender equity, and therefore any successful GLI strategy must consider how women, men and gender diverse people are fundamentally supported through a culture and practice of inclusion.

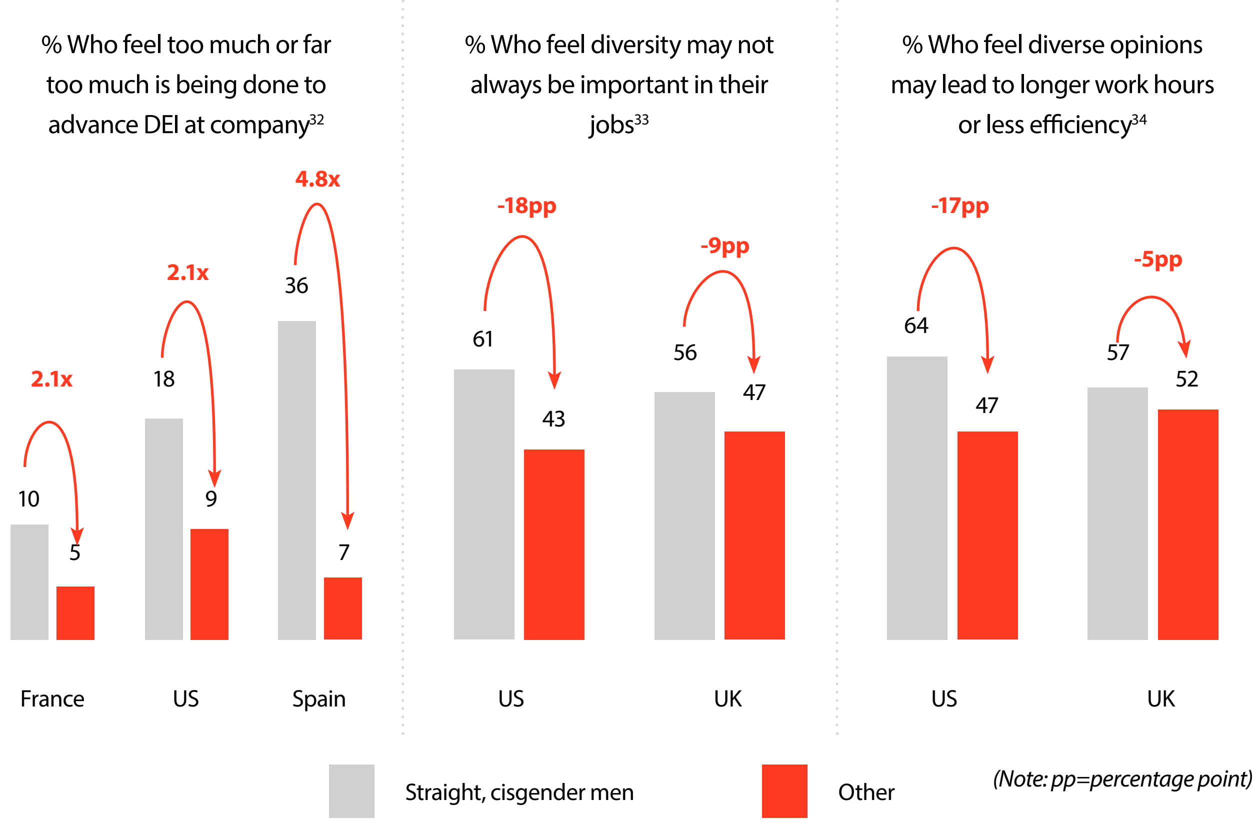
A Diversity, Equity and Inclusion (DEI) study by Boston Consulting Group highlights why this is so important. The study notes that for decades, diversity has been defined in opposition to a single archetype: usually a white (particularly in the US, Europe and we note also Australia), cisgender, straight, middle-aged male. A practice that, as **Figure 5** demonstrates, can lead to organisational divisiveness.

The Australian investor surveys and interviews were supportive of these findings. However when the intent is to benefit everyone, we must acknowledge that not everyone starts at the same place. Considering an intersectional approach, as described in the next section, allows for this important consideration.

We cannot continue to define diversity in oppositional terms. Doing so has reinforced adversarial relationships between the "majority" and the "minority". A critical mindset shift is needed: DEI includes - and benefits - everyone.[30]

Image source: Jeremy Bezanger, Unsplash

Figure 5. By inadvertently excluding the majority, DEI efforts can fuel divisiveness[31]



Intersectionality

A discussion about gender equity is incomplete without reference to intersectionality. The Oxford Dictionary defines intersectionality as "the interconnected nature of social categorisations such as race, class, and gender, regarded as creating overlapping and interdependent systems of discrimination or disadvantage."

To understand the importance of intersectionality, we can consider what happens when for example gender equity and racial equity are not considered together. Considering gender on its own, to the exclusion of race, as a representation of diversity can have negative impacts within an organisation.

For example, where racial equity is excluded from approaches to embedding diversity, equity and inclusion, a singular focus on gender as the sole indicator of diversity can unfairly discriminate against other minority identities who also experience disadvantage or barriers to participation.

Intersectionality acknowledges that everyone starts at a different point depending on a number of factors.

For example:

- Women should not be a single category.
- A qualified black women will face different barriers and discrimination than an equally qualified white women in many contexts.
- A qualified white woman living with a disability will face different barriers and discrimination than an equally qualified white woman who is not living with a disability in many contexts.
- A white man of a particular religion may face barriers and discrimination differently than a white man of another religion in many contexts.

Acknowledging these intersecting factors is important as it ensures initiatives aimed at creatings inclusive work practices are tailored to these differences and that where possible, unintended consequences are avoided. Ultimately, intersectionality seeks to address disadvantage across all groups and comes from the fundamental understanding that gender-based inequity cannot be tackled in isolation from other forms of discrimination.[35]

An intersectional approach allows an organisation to identify and create more equitable systems to attract and retain diverse talent.

Intersectionality and Diversity Targets

In instances where women of all classes are grouped with non-white people for diversity targets, a system can be created that allows employers to potentially discriminate, albeit unintentionally, against non-white people. For example, if gender is the only factor considered, women may be hired to meet the diversity target and therefore potentially fill the positions that may have been appropriately been filled by qualified individuals from other minority backgrounds. Therefore diversity targets might be met by only hiring women and/or women of a particular class when there is in reality a need for equal opportunity for people who face multiple barriers as a result of their racial or ethnic identity.

What is needed here is for two separate subsets of diversity targets to be created where there is one category based on gender and another for people representing racially or ethnically diverse minority backgrounds. Understanding the importance of this targeted approach to embracing diversity is at the heart of intersectionality which seeks to ensure that one 'cause' is not advanced at the expense of another equally important one. [36]

Image source: Pat Whelen, Unsplash

Intersectionality

Intersectionality was first coined in 1989 by now Columbia Law Professor Kimberlé Crenshaw. She referenced three legal cases involving black women in which the law allowed only a single element of discrimination being race or gender to be recognised. As such, the law failed to recognise the multiplicity and often compound nature of the discrimination against those both black and a woman.[42]

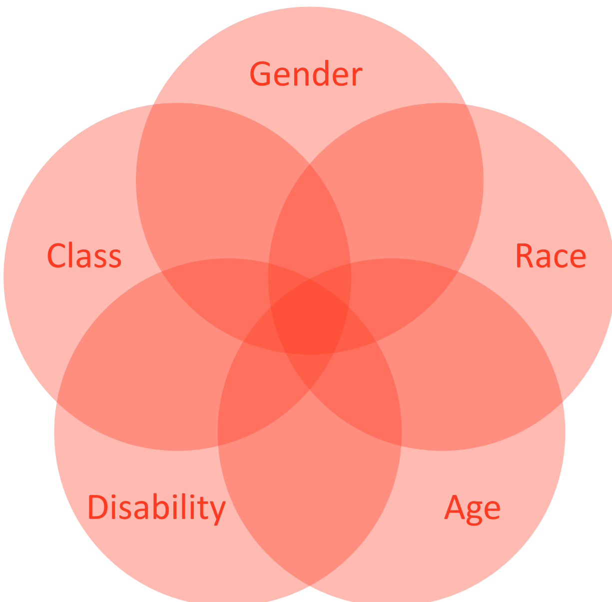
Intersectionality in the Australian context: Opportunities to improve diversity

The Diversity Council of Australia has found that between 30% and 70% of Australian workers identify with more than one cultural background.[37] However women from culturally and linguistically diverse backgrounds face particular challenges in Australia relating to the formal recognition of overseas education, qualifications and skills and the need for access to childcare supports. As a result, migrant and refugee women are more likely to work in low income, low skill, insecure jobs despite being technically qualified for other roles. Australian Bureau of Statistics data shows that culturally and linguistically diverse (CALD) women have a significantly lower rate of workforce participation compared to CALD men (47.3% vs 69.5%).[38]

Women of colour continue to lose ground at every step in the pipeline, between the entry level and the C-suite, the representation of women of colour drops off by more than 75%. As a result, women of colour account for only 4% of C-suite leaders, a number that hasn't moved significantly in the past three years.[39]

Black women potentially suffer a double burden of bias that keeps them from the uppermost levels of corporate leadership. Underrepresentation on executive teams in general, and in line roles in particular, could be an important piece of this story.[41]

Figure 6. Example dimensions of intersectionality[40]



Intersectionality

Intersectionality as an investment opportunity

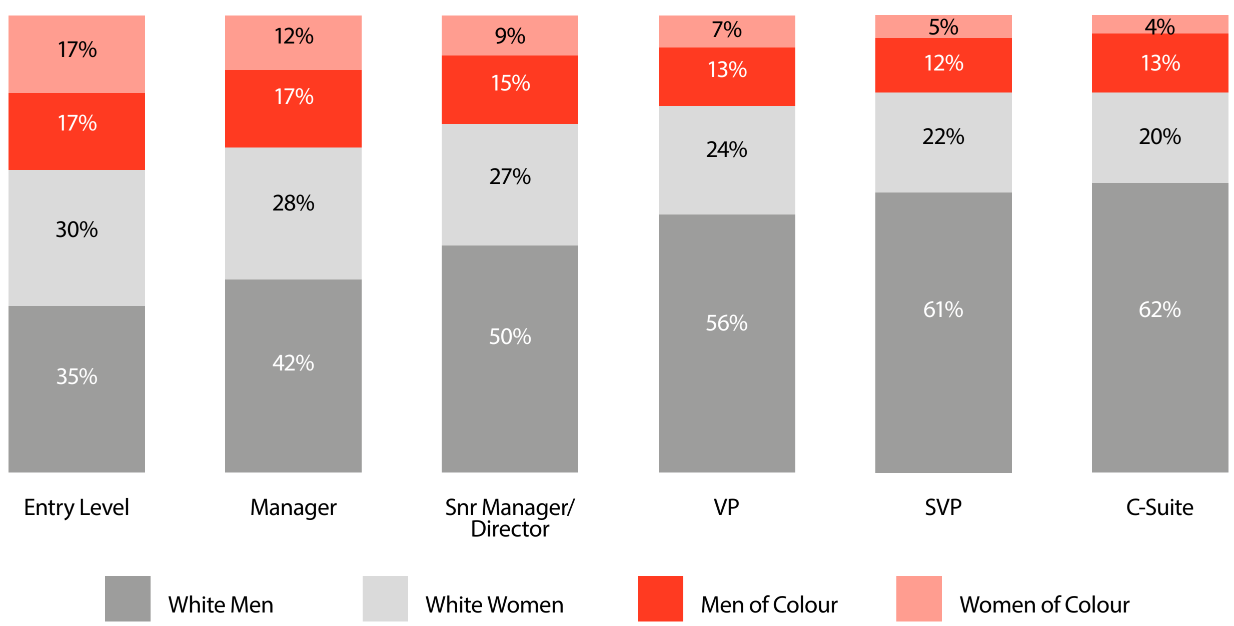
Ultimately, a focus on intersectional gender equity can open the door to broader considerations around diversity, equity and inclusion (DEI) and ensure that organisational power structures and systems are designed to maximise the contribution of people from different backgrounds and the way that their backgrounds or multifaceted social identities can determine their experience of the world.

By integrating an intersectional approach into the investment sphere, any efforts to correct or address inequity (in structures, systems, operations and more) can be done through a lens that examines a number of overlapping social factors rather than considering gender or race in isolation. Organisations can then examine how intersecting factors around diversity may be compounding discrimination for individuals owing to their age, race, sexual orientation, ethnicity, age, ability and so on.

For investors specifically, the inclusion of an intersectional approach contributes beyond making room for advocacy and other egalitarian practices – it can have a direct impact on the profitability and return on investment.

For example, considering race and gender as part of the investment analysis and internal composition of investment teams can contribute towards greater levels of innovation and new investment opportunities.

Figure 7. Representation by corporate role by gender by race 2021, % of employees



Source: Adapted by IIA from Women in the Workplace, Leanin.org and McKinsey & Company, 2021.
Data relates to Corporate America.

Intersectionality

An intersectional approach, considering gender equity together with racial equity for example, is not complex and done together, achieves powerful outcomes and avoids the potential for unintended consequences.

We address specifically the gender and racial dimensions of intersectionality throughout this report. Below are some examples of how an intersectional approach may improve an investment company's performance:

Internal

Attracting and retaining diverse talent

An intersectional approach allows a company to not only attract diverse talent but then create an enabling environment that retains this talent. For example:

- Looking beyond gender, acknowledging team members may have different cultural and religious beliefs can inform leave policies that are tailored to an individual's needs, rather than asking them to take leave based on one religion/belief.
- Having clear policies and public commitments around zero tolerance against racism, and ensuring these are followed – with potential breaches reported and transparently – ensures this responsibility extends to everyone in the organisation, not just those from diverse racial backgrounds.
- Where possible, inviting feedback (which is actioned) about appropriate meeting times and meeting places allows individuals who may have limitations due to care responsibilities and/or living with a disability the option to contribute without impacting the overall performance of the team.

Investment Processes

Uncovering investment opportunities

An intersectional approach can create a more diverse investment team that can uncover otherwise potentially missed opportunities and avoid unintended consequences.

Intersectionality

For example, an investment team member with lived experience in a particular market or sector (e.g. emerging markets) will have a deeper, more nuanced understanding of that market, allowing for better analysis of existing and new investment opportunities and market specific products.

In Thailand, women represent 57% of the workforce in the finance and insurance sectors and hold 31% of financial services board and senior executive positions.[43] Women in Thailand also hold 33% of all CEO and Managing Director jobs in the private sector, which is double the world average and higher than any other country in SEA.[44] This has occurred without Government regulation.

Avoiding unintended consequences

Expertise in renewable energy and gender within the investment team can uncover potential unintended consequences. Investing in renewable energy infrastructure opportunities is likely to greatly increase the gender inequity in labour force participation as jobs created are likely to be for men. This should not deter investment in these opportunities, however investment teams that can identify this can ensure, where possible, that measures are in place to avoid this during the life of the investment.

Influence

Greater Influencing Power

The ability to influence clients, investors or other stakeholders is more powerful when an individual can deeply relate to the issue or draw on first-hand knowledge and experience.

For example, a team member who is from or has deep lived experience in a particular market will be able to build trust and influence in a more nuanced, strategic and meaningful way. Influencing clients and members can be more powerful when considering cultural and other factors that may resonate with them.

Image source: Sharon McCutcheon, Unsplash

Business case
What is the business case for GLI?

Participants in the research interviews conducted for this Report affirmed numerous times that the 'right thing to do' is also often a hard thing to do.

At present as informed by our research and interviews with different types of investors, fiduciary duties, performance expectations, uncertain client demand, and for some a perception that considering gender may be more risky, means the adoption of GLI requires a strong business case.

What we are seeing increasingly from investors who have considered gender in their investment processes over several years, is that in the face of these challenges the imperative is to establish the materiality of gender considerations.

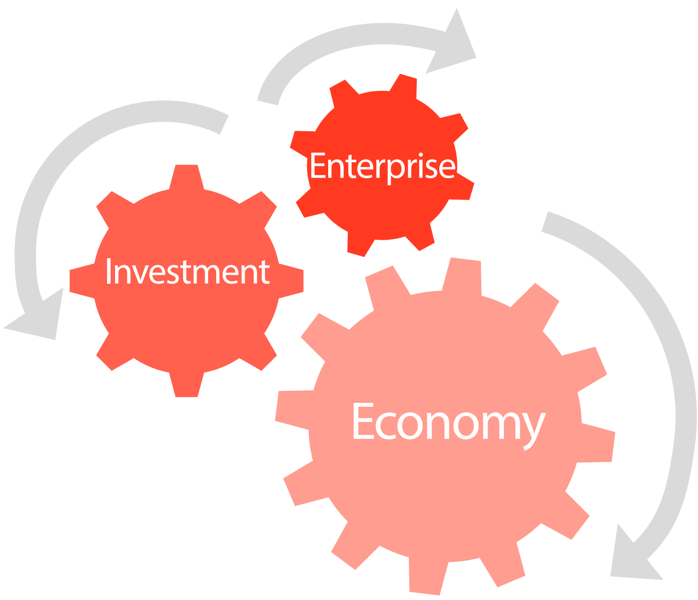
For that reason we thought it important to provide data on the benefits of GLI from both a risk, return and business development perspective. We have tackled this across the inter-relational areas of enterprise, investment and the economy (**Figure 8**) which recognises in particular the concept of universal ownership in respect of large asset owners.

The Economy

GLI is linked to the notion that gender equality or parity between women and men will contribute to economic growth.

"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%."[45]

Figure 8. The inter-relationship between enterprise, investment and the economy[49]



Business case

Over the last three decades there has been a clear shift in focus toward improving workplace opportunities and policies that empower women and drive change towards social and economic equity. In addition to the moral dimension, there is recognition of the growing evidence that diversity, particularly at the leadership and Board levels is "a factor in financial performance"[46] and ultimately better economic outcomes. Particularly for superannuation funds as 'universal owners', the growing trend of considering gender at the company level and in the investment processes reflects broader economic arguments in terms of lost economic opportunity or avoiding risk.

"We know that when more women work, local and national economies grow." [47]

Learnings from broader gender work show that effective change is driven by an ability to focus on breaking down "socially constructed roles, relationships, and expectations of women and men and the ways that these are reinforced by educational, political, economic and cultural systems".[48] GLI allows these gender dynamics and systems to be addressed through strategic investment decision making. Given the size and importance of capital markets, a broader uptake of GLI in investment strategies could have a significant impact on economic growth and equity of opportunity.

Companies in the top quartile of gender diversity in executive teams are 21% more likely to outperform the market on profitability and 27% more likely to have greater value creation. In comparison, companies in the bottom quartile are 29% more likely to underperform the market on profitability.[50]

Enterprise

Companies investing in women-owned supply chains can boost their competitiveness and add additional value with access to new markets and greater diversity (and potentially lower risk).

Gender diversity at board level in publicly listed companies is correlated with an increase in net revenue and a higher return on sales and invested capital. A McKinsey & Company analysis of Latin America concluded that publicly listed companies with higher female representation yielded 44% higher returns on investment and 47% higher profit margins.[51]

In the Australian context, the Workplace Gender Equality Agency (WGEA) found an increase of 10 percentage points or more in share of:

- Female representation on the Boards of Australian ASX-listed companies leads to a 4.9% increase in company market value, worth the equivalent of A$78.5m for the average company.
- Female Key Management Personnel leads to a 6.6% increase in the market value of Australian ASX-listed companies, worth the equivalent of A$104.7m for the average company.[52]

As discussed at the national level, the increasing interest and commitment towards GLI approaches has brought a growing evidence base and case studies demonstrating that there is a clear correlation between gender diversity and tangible business results and investor returns.[53] Understanding the levers available to an organisation to deliver better gender diversity and business outcomes is at the heart of tailoring a GLI strategy that best suits a specific asset class or investor.

Conversely, a failure to implement a gender diversity approach or understand when it is inadequate could heighten business or investment risk. Morgan Stanley breaks this risk down into three possible categories that cover:

- A higher risk of industry or regulatory implications such as discrimination lawsuits.
- Supply chain risk in relation to the exploitation or harassment of women and girls.
- As an operational risk generated by poor talent retention and productivity.

Poor reputational outcomes in relation to one or a number of the above can have a significant impact on business performance and in turn company valuations and investment performance.[54]

Business case
Gender equity

Investment: Asset Owners, Fund, or Wealth Management

As outlined earlier, there are clear economic and investment rationales for investors across the board to consider a GLI approach. For asset owners, fund managers and wealth managers there is an additional imperative – the opportunities and risks around their clients.

Women are expected to inherit 70% of the wealth that will be passed down over the next two generations and will become increasingly influential as they teach their children about money, legacy and investments.[55]

It is simply no longer an option for companies or investment managers to overlook the increasing economic force of women. That said, currently women remain 'largely underserved by the wealth management community' and therefore excluded from investment and product and service design decision making. [56]

GLI provides a suite of targeted strategies aimed at harnessing the power of women's wealth and majority representation across the global consumer base to pursue business opportunities. It can address the issue that women have historically often been overlooked as important clients by segments of the financial services community.

By 2028, 75% of consumer spending is forecast to be controlled by women.[57]

The growth in women's wealth is accelerating, adding US$5 trillion to the global wealth pool annually.[58]

Business case
Gender equity

GLI provides a framework for moving beyond assumptions regarding the needs of clients based on their gender both in terms of access to capital and professional opportunities. It enables greater diversity in respect of key investment decision makers through membership on boards, senior leadership teams or investment committees. When clients are meaningfully engaged beyond gender stereotypes by financial institutions, they can tailor products and services accordingly to widen and therefore capture a large share of what is clearly a rapidly growing market.[59]

It can also drive better performance outcomes for clients. In 2019, capital raised with a gender lens across private equity, venture capital, and private debt vehicles cleared A$6.7bn, up from A$1.5bn in 2017.[60] In the same year, private equity and venture capital funds in emerging markets with gender-balanced senior investment teams generated up to 20% higher returns compared with other funds and portfolio companies. Gender-balanced leadership teams outperformed in terms of valuation increases by as much as 25% compared to non-diverse teams.[61]

Business case
Racial equity

The business case for considering race and ethnicity

We discussed intersectionality earlier in this section and the compounding nature of discrimination in relation to race, gender and other social factors. Data on the precise impact of considering mulitple factors in tandem is limited. As such, the racial equity lens provided below is indicative only.

Racial equity investing (REI) describes the effort to direct investment capital toward the advancement of historically disadvantaged racial and ethnic groups, including Black, Asian-Indian, Asian-Pacific and First Peoples populations and correcting systems that, at present, discriminate against them. It may be one dimension of a broader diversity, equity and inclusion (DEI) framework.

An example within the Australian context is First Australians Capital which is using an investment and capacity building model to support Indigenous enterprises.

In light of events around the world and the Black Lives Matter movement, citizens everywhere have been inspired to take action in the fight for equity and justice.[62] This flows through to their investment decisions and a heightened desire to ensure their **investment portfolios at a minimum are avoiding harm and ideally promote racial equity and social justice**. This has resulted in growing demand from investors for companies to voluntarily publish their workforce diversity and pay-gap data – areas that companies rarely disclose due to a lack of regulatory requirement (though employees may voluntarily disclose). While nearly 400 of the 1,000 constituents of the Russell 1000® Index present workforce data on gender, only 40 or so give data on race and ethnicity, according to a Morgan Stanley & Company Research report.

Racial equity is seen as both a risk and an opportunity for companies. A company that stacks up well based on racial equity factors may outperform, especially in more volatile markets when resilience, flexibility and leadership are paramount. There is a weight of money behind this. In June 2020, Confluence Philanthropy, a network of foundations and impact investors, asked members to pledge to discuss racial equity at their next investment committee meeting. Just three days later, 67 institutions had committed to do so, representing US$534bn in assets under management (AUM). As of mid-October that year, signatories represented US$1.9 trillion in AUM.[63]

The goal is to use race and ethnicity as a consideration when redressing areas of inequity and promote efforts to advance equitable opportunities using investor capital as a lever.

Business case
Racial equity

As the impact of the COVID-19 pandemic continues to be felt, closing the global gender gap has increased by a generation from 99.5 years to 135.6 years.[67]

According to a Stanford research study, evidence of racial bias has also been found in the investment decisions of asset allocators that have trouble assessing the competence of racially diverse teams. These biases are believed to impact how investors evaluate fund managers and compound the lack of capital flowing to minority investors. Asset allocators might also be violating their fiduciary obligations (i.e. to generate the highest possible returns for their investors) by not investing in funds led by people of colour that could produce returns as high or higher than white-male-led funds. A study by Knight Foundation and Harvard University conducted in the United States found that less than 4% of publicly traded funds are run by people of colour and, partially due to bias in manager selection, companies owned by women and minorities combined manage just 1.3% of assets in the US$69tn asset management industry.[64]

A number of studies reflect the benefit of racially diverse Boards and management teams. According to a McKinsey & Company analysis of over 1,000 companies those in the top-quartile for gender diversity on their executive teams were 21% more likely to have above-average profitability than companies in the fourth quartile. For ethnic/cultural diversity, top-quartile companies were 33% more likely to outperform on profitability. Companies with diverse boards of directors were 43% more likely to outperform. The corollary was also true: the penalty for not being diverse based on gender or ethnicity was high. Specifically, they were 29% more likely than the other three quartiles to underperform on profitability. [65]

Companies that are more diverse may attract and retain more talented employees, leading to more innovation and associated revenues. A Boston Consulting Group study found that low performance on racial equity factors may result in poor talent retention and companies may suffer from lost productivity and customers could be turned off by public accounts of discriminatory comments, practices or policies and therefore take their business elsewhere – "leading to top line revenue degradation."[66]

As we emerge from the COVID-19 pandemic (COVID), many organisations are considering new ways of working. The time is opportune to also consider approaches to diversity, equity and inclusion and adopt strategies such as GLI. Implementing across the dimensions of the 3i's (Internally, in the Investment process and through external Influence) can create fundamental change. A key gap is education and awareness about what good looks like. This is not simply about quotes and percentages. As the Boston Consulting Group research discussed earlier highlights, this is about an organisation -wide culture driven from the top that promotes diversity and equity for everyone. The next part of this Report examines how organisations are already doing this globally and in Australia.

Part 2

Current landscape, best practice and pathways for change

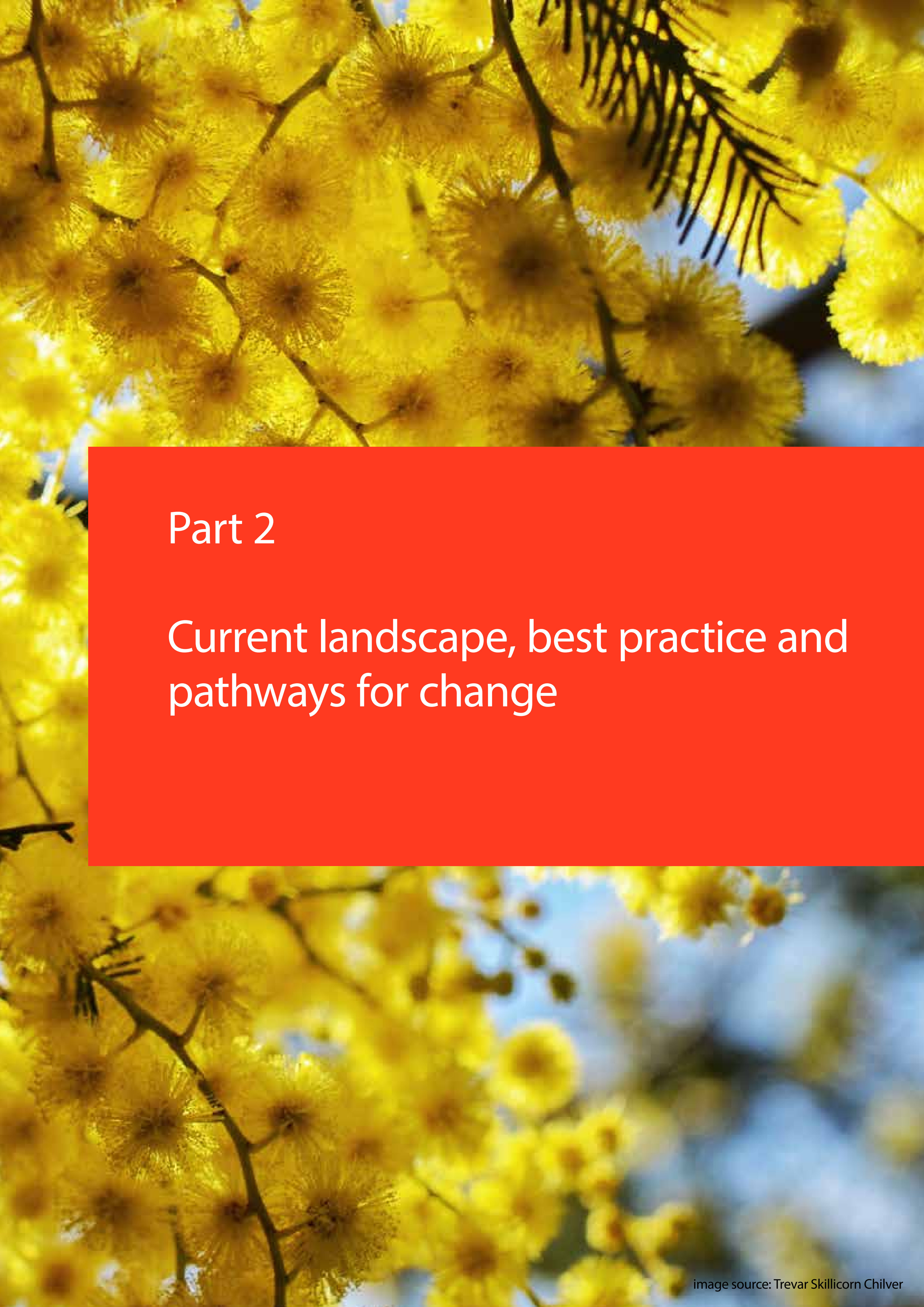


image source: Trevar Skillicorn Chilver

Current landscape

Much like impact investing, deeper GLI tends to be concentrated in private markets. Therefore significant research and product development has thus far been largely focused on that area of investment.

A recent report by Phenix Capital Group sets out the current state of the gender lens investing market based on their database of over 1,850+ finance-first impact funds.[68] The analysis can be aligned with the Impact Management Project (IMP) approach below in **Figure 9** with only those falling into Categories B and C included.

Figure 9. IMP impact classification of underlying assets or enterprises adapted for gender equality

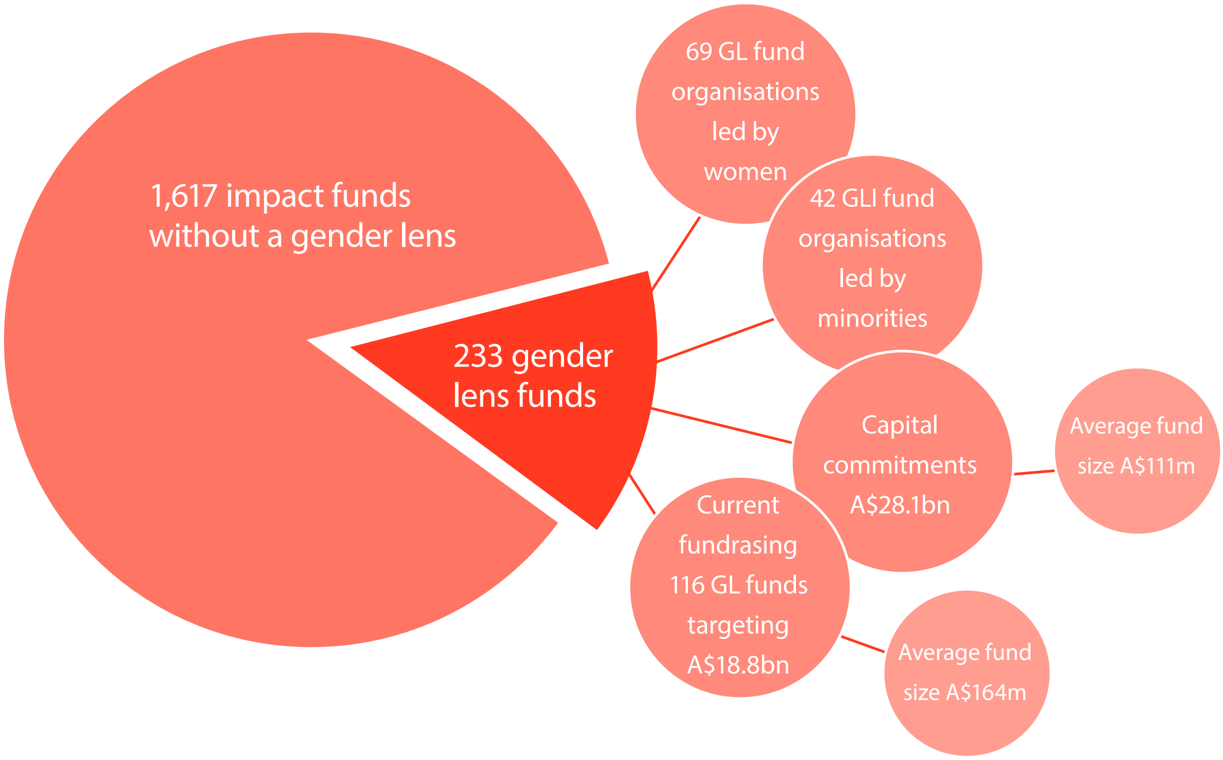
	Act to avoid harm	**B**enefit stakeholders	**C**ontribute to solutions
The enterprise does or may cause direct harm in relation to gender equality.	The enterprise prevents or reduces significant effects on important negative outcomes related to gender equality.	The enterprise not only acts to avoid harm, but also generates various effects on positive outcomes related to gender equality.	The enterprise not only acts to avoid harm, but also generates one or more significant effect(s) on positive outcomes for otherwise underserved people in relation to gender equality.

Source: IIA Adapted for Gender equality from the Impact Management Project Asset/Enterprise Classification

Current landscape

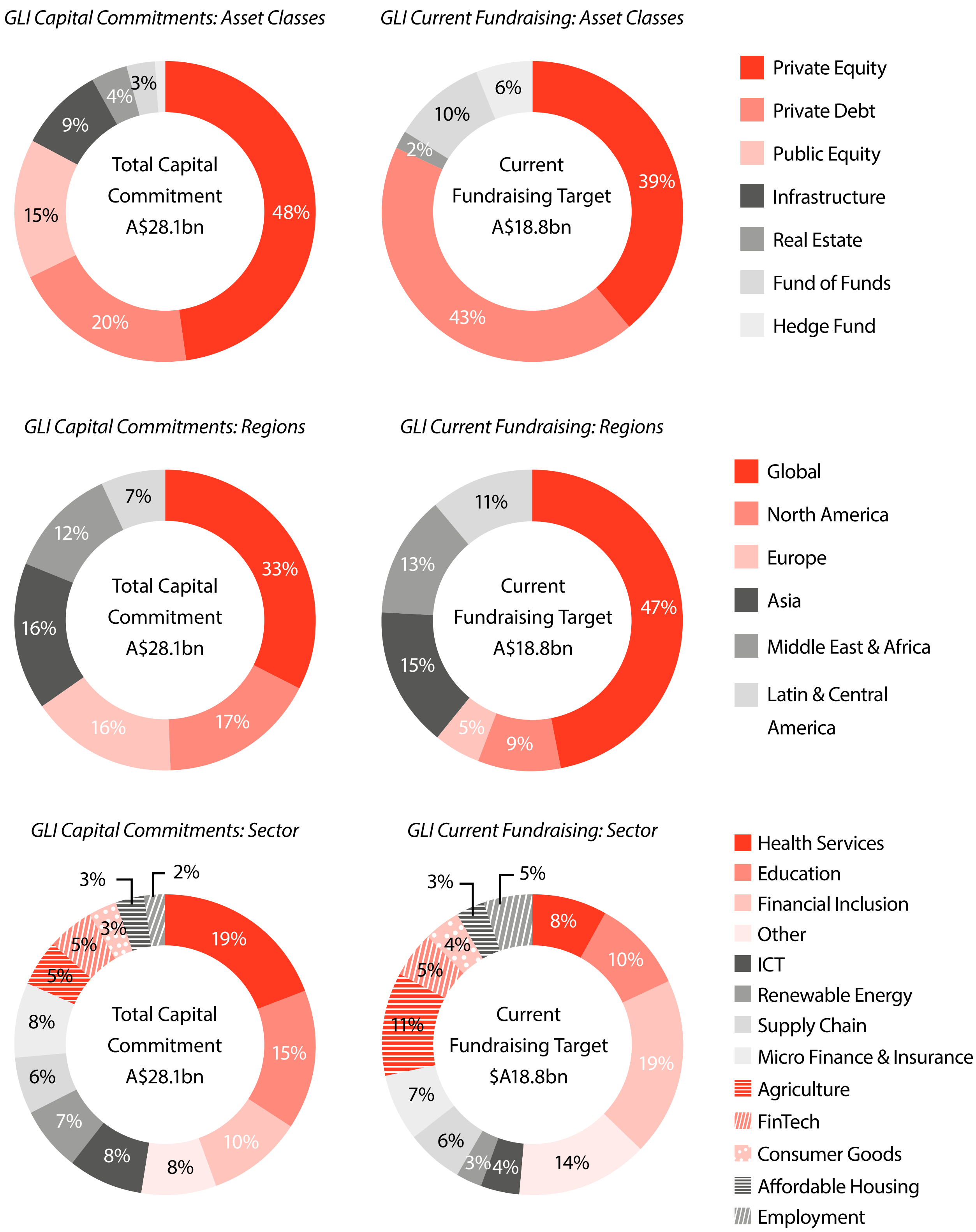
The Phenix Report groups GLI metrics by current capital committed and current fundraising. Key statistics are contained in **Figures 10** and **11**.

Figure 10. State of the global market: Gender lens funds versus impact funds



Source: IIA adapted from data derived from Deep Dive on Gender Lens Funds, Phenix Capital Group

Figure 11. Gender lens capital commitments and current fundraising by asset, region and sector



Source: IIA adapted from data in Deep Dive on Gender Lens Funds, Phenix Capital Group, 2021

Current landscape
GLI by asset class

The data highlights that while there are still significant current capital commitments of around A$4.2bn in public equities' GLI strategies, current fundraising is largely non-existent for this asset class. We believe this reflects the challenges that investors face in moving the dial on gender and impact more broadly in public markets. Typically approaches of public market fund managers target the GLI approach areas of "internal" and "influence" and include a focus on the diversity of their own teams and influence on investee board composition through shareholder advocacy. Our case study on Black Rock below shows a strong approach in these areas.

From an investment perspective, some insight is provided by publicly traded gender lens equity funds (GLEFs). According to Parallelle Finance, publicly traded GLEFs amount to A$4.8bn in Assets under management (AUM).[69] Fund criteria are centred around investing in companies with higher women in leadership (WIL) levels and strong WIL-supportive metrics, including pay equity and disclosure. Analysis of the top 10 portfolio holdings of these GLEFs indicates that 53% of the companies do not score on any of the WIL measures. This may suggest the "one-and-done" approach to women in leadership i.e. women are not replaced with women and too infrequent (annual) rebalancing of portfolios which does not take account of leadership changes on a timely basis.[70] This highlights the need for active measurement and management in any gender lens strategy.

Publicly traded mutual funds and ETFs provide a mechanism for democratising access to gender lens investing. They have low minimums, liquidity and are typically relatively low-fee. They do however need to have enough scale to support fund economics and enough of an investment universe to mitigate risk. Both of these issues could be a challenge in an Australian context.

Gender lens fixed income[71] has grown at a significantly faster rate than public equities. This is particularly driven by development finance institutions andmultilateral development banks such as the World Bank. This asset class now represents A$10.7bn in AUM.[72] Fixed income instruments typically target WIL metrics or financing of women led enterprises (particularly in developing markets). We see two Australian issuers of gender bonds in National Australia Bank and QBE (see case study). Within the region, the Asian Development Bank has also been a recent issuer of Kangaroo gender bonds.

Globally, the issuance of gender bonds and gender-related bonds are increasing. **Figure 12** shows the key gender bonds in the market at the end of 2021.

Table 2. Gender bonds around the world

Country	Issuer	Date Issued
Australia	QBE/NAB	2017
Australia	Asian Development Bank	2021
Japan	Japan International Cooperation Agency (JICA)	2021
APAC	IIX Women's Livelihood Series	2017
APAC	Asian Development Bank	2017
Turkey	Garanti Bank (backed by the IFC)	2018
Thailand	Bank of Ayudhya	2019
Panama	Banistmo	2019
Colombia	Davivienda	2020
Indonesia	Indonesian Bank, OCBC NISP, backed by the IFC	2020
Mexico	Agricultural Trust Funds (FIRA, Mexico's National Bank for rural development)	2020
Canada	Asian Development Bank	2021

Similar to public markets, in private markets debt has surpassed equity as a key category for fundraising as **Figure 11** illustrates. This again reflects the growth of GLI as a strategy for developing markets and also the changes in sectors targeted, for example toward financial inclusion. In private markets, investors can more explicitly target aligned investments and influence an investee company's approach to gender.

Project Sage 3.0 also identified some trends specific to the GLI venture capital funds analysed. Many of those that invested equity at Seed to Series A also did convertible notes. Some of the funds in the Seed to Series A range were also investing with newer structures: revenue participation loans, royalty structures, and flexible debt. Several of the vehicles were structured as holding companies, or Limited Liability Companies (LLCs), rather than funds but had the approach of funds.[73]

Project Sage 4.0 found that gender lens investing is happening across all stages of companies' maturation, with most investment activity focused on the early stage. About 67% of the participating funds reported investment activity in this stage. Seed and Series A/B followed, with 55% and 51% of funds reportedly investing at these stages, respectively. It is notable that 26% of funds are investing in Growth stage deals as well. In 2020, Veris Wealth Partners reported the aggregated gender and racial equity outcomes of its managers (venture capital, private equity, private debt). The results are shown at **Figure 12**.

When considering public equity and fixed income managers, Veris found very few report on impact metrics. With those that did, an average of 29.8% of board members of public companies across the portfolios were women.[74]

Figure 12. Veris Wealth Partners' managers' considerations of gender and racial equity

Gender and Racial Equity

29% — **Average of 29%** of supported or financed organisations across the portfolios founded by women

32% — **Average of 32%** of supported or financed organisations across the portfolios founded by people of colour (POC)

23.6% — **Average of 23.6%** of board members of private companies and organisations across the portfolios are women

22.8% — **Average of 22.8%** of board members of private companies and organisations across the portfolios are POC

27.5% — **Average of 27.5%** women in senior management positions and 22.3% people of colour in senior management positions among the private companies and organisations across the portolios

38.4% — **Average of 38.4%** women full-time employees and 45.8% people of colour full-time employees among the private companies and organisations across the portfolios

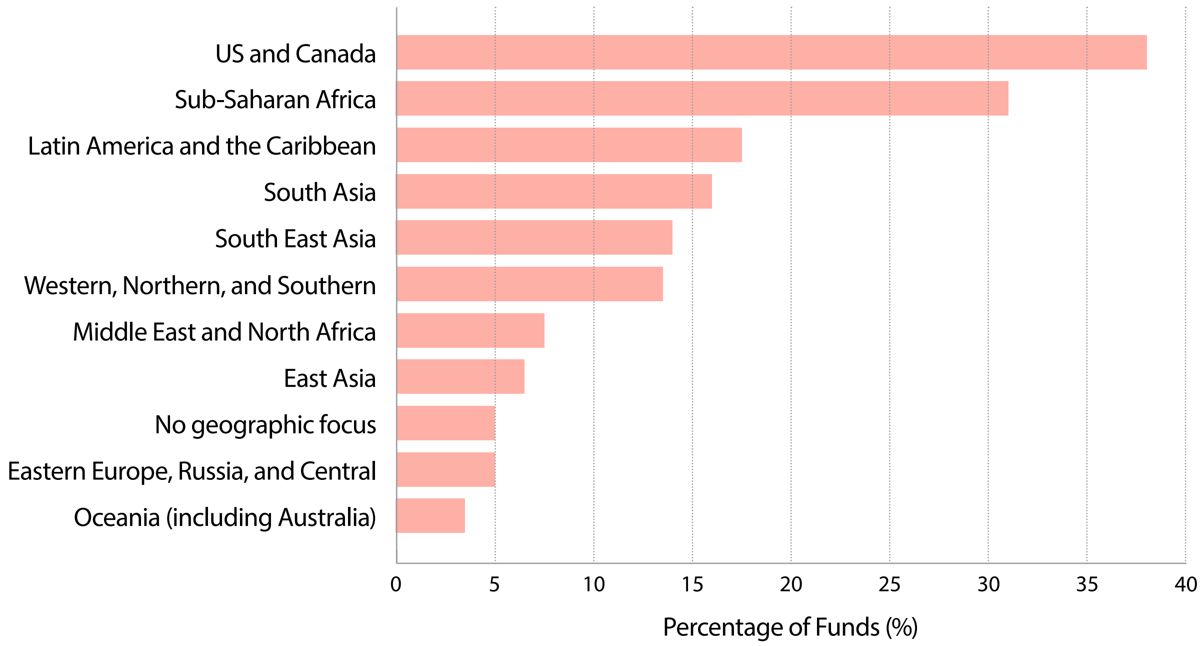
Source: Veris Impact Report 2020-21, Veris Wealth Partners, 2021

Current landscape
GLI by region

Development of GLI in the US, Canada and Europe was driven largely by high net worth individuals whereas in Australia and Asia, new GLI capabilities, conversations and collaborations are emerging. This is demonstrated by the fact that we are seeing an expanding GLI ecosystem in APAC. In LATAM, data concluding that gender diversity creates higher returns of investments and higher profit margins appears to be finally getting some traction with fundraising a higher percentage than current capital committed.

In SEA regions, more fund managers are pursuing GLI strategies. According to Project Sage 3.0, at the end of 2019 there were around 20 GLI focused funds targeting SEA with six investing exclusively in the region representing AUMs of US$98m. While the number of funds has grown, the AUMs at this stage are still relatively small (**Figure 13**). In SEA, most of the GLI activity is with first time and/or early-stage venture capital or private equity funds which are expected to grow in AUM over time. Project Sage 4.0 reported that almost 40% of funds in their database invest in the US and Canada, 31% in Sub-Saharan Africa, and 26% in East Asia, South Asia or SEA.[75]

Figure 13. Private Market funds by region:



Note: Data shows funds that selected regions. On average, funds selected only 1.5 regions where they have a specific focus.

Source: Project Sage 4.0 [76]

Table 3. Snapshot of Gender Lens Funds targeting South East Asia[77]

Fund Manager	Fund Name	Asset Class	Target Investment	Committed Capital (est)	Inception
	Beacon Fund I	Evergreen (Debt & Equity)	US$50m	US$25m	2019
	Care She Trades Impact Capital Fund	Growth Capital (Debt & Equity)	US$50-75m	US$75m	2019
	Capital 4 Development Asia Fund	Venture Capital (Equity)	US$50m	US$30.3m	2019
	Indonesia Women Empowerment Fund, IWEF	Venture Capital (Equity)	US$20m	US$10m	2019
	Investing in Women Fund	Venture Capital (Equity)	US$3m	US$3m	2017
	Fund I	Debt	US$80m	US$80m	1999
	Women's Opportunity Fund	Private Equity	US$6.4m	US$6.4m	2017
	Fund I	Private Equity	US$100m	US$16.2m	2021
	Fund I	Venture Capital (Equity)	US$20m	US$10m	2018
	Yellow Dog Empowers Fund	Venture Capital (Equity)	US$5m	US$5m	2019

Source: Project Sage 3.0 [78] and Company Websites

The Emerging Markets Impact Investment Fund (EMIIF) and the Asia Women's Impact Fund (AWIF) are fund of fund models that support gender equity and impact investing in the region.

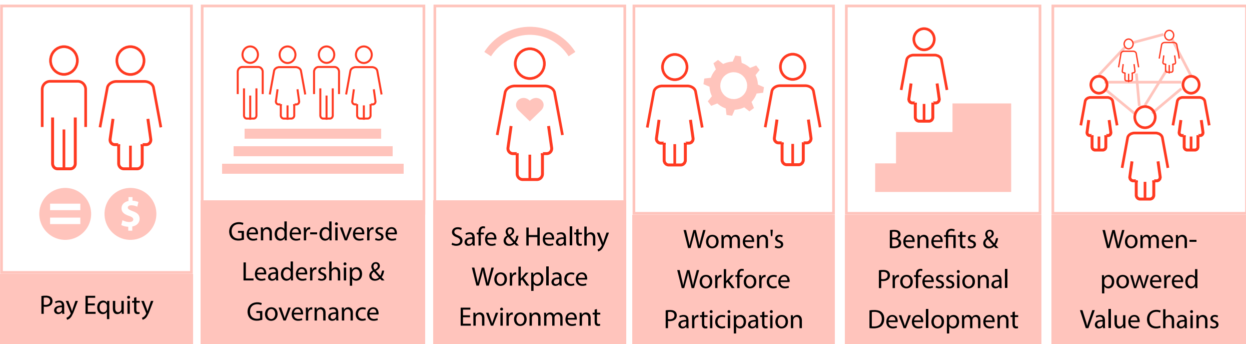
EMIIF (A$40m), funded by DFAT and managed by Sarona Asset Management has recently made its first investment. It is committed to being a leader in gender outcomes. Potential Investees will be ranked on their approach to gender as: Gender Blind, Gender Aware and Gender Transformative. An investment will not be made into a fund rated as gender blind. EMIIF supports technical assistance provided by VOLTA and MEDA to help investees' baseline, and then develop and evaluate a gender action plan. While these kinds of transformations can be hard to enable in private equity, investee co-investment by predominantly liked-minded DFIs is supportive of this approach.

In 2017, Sasakawa Peace Foundation (SPF) carved out about US$100m (A$139m) from its endowment to establish the AWIF. A fund of funds, the AWIF is making investments to achieve favourable outcomes for women across Asia and to support women entrepreneurs in SEA towards a future where all women in Asia are empowered to reach their full potential. The fund currently blends investment and technical assistance. The initial investment of ¥1bn (A$12m) in 2018 was into BlueOrchard's Microfinance fund (the majority of microfinance customers are women). The second investment of up to US$30m (A$42m) in 2019 was in the Japan Asean Woman's empowerment fund (JAWEF) also targeting microfinance. More recently the AWIF has invested in Beacon Capital (US5m), a private equity fund supporting female entrepreneurs in SEA.

SPF has also supported significant field building and capacity development including through funding of GLI toolkits and the commissioning of Equileap to assess and evaluate the gender performance of the 100 top public companies in Japan, Hong Kong and Singapore.

SWEEF Capital is a Singapore-headquartered independent fund manager investing in the potential of women and the future of SEA. It is a spin-out of SEAF led by SEAF's former South East Asian and women's economic empowerment team. SWEEF Capital's first investment program is a US$100m South East Asian Women's Economic Empowerment fund ('SWEEF') - first close was in December 2020 anchored (US$16.2m) by PBU, the Danish early childhood educators pension plan. SWEEF uses a Gender Equality Scorecard© designed to measure and improve gender equality performance and economic performance at enterprise level.[79]

Figure 14. Elements of the SEAF Gender Equality Scorecard©[80]



Source: SWEEF Capital website accessed 25/11/2021

GLI by sector

As of July 2020, there were 23 private market investment vehicles that targeted the East Asia and SEA region. Fifteen of these funds had a target size of A$28m or larger. The sectors where GLI is most focused are: Healthcare; Education; Agriculture; Consumer; Femtech (tech for women's health) and IT.[81] This is consistent with the current capital commitments seen from the Phenix data although financial inclusion, agriculture and employment are growing as a percentage of fundraising targets.

image source: Roadtrip with Raj, Unsplash

Current landscape
Other forms of diversity

Among the funds surveyed by Project Sage 4.0, 47% reported that racial/ethnic diversity is a stated goal, nearly doubling the 24% of funds that reported doing so in Project Sage 3.0.[82] Other components of diversity stated in fund strategies were LGBTQIA+ (15%) and 'other' (Indigenous/marginalised communities, ability, veterans, socio-economic background/low-income populations, migrant/ refugees, youth, and regional diversity) (17%). As with gender, this might mean the criteria is related to the founder(s), products/services, value chains, and/ or policies and practices.[83]

Veris Wealth Partners gather equity, diversity and inclusion data from their approved managers as part of their due diligence process. The intention is to gain a better understanding of their managers' DEI commitments and also to use this data to drive further outcomes in these areas. **Figure 15** shows key findings of the Veris Wealth Partners Annual Impact Report 2020/2021 in relation to their Fund Managers.

Figure 15. Key DEI findings of the Veris Wealth Partners' Fund Managers

	Women	People of Colour
Total Employees	53% (based on 93% of managers reporting)	30% (based on 88% of managers reporting)
Investment Professionals	43% (based on 86% of managers reporting)	26% (based on 86% of managers reporting)
Senior Management	37% (based on 91% of managers reporting)	21% (based on 88% of managers reporting)
Board of Directors (not applicable to all firms)	35% (based on 79% of managers reporting)	24% (based on 77% of managers reporting)
Owners of Firm (not applicable to all firms)	24% (based on 63% of managers reporting)	12% (based on 60% of managers reporting)

Source: Veris Wealth Partners[84]

Current landscape
Challenges - global landscape

> "While progress to date is laudable, broad and consistent, disclosure of gender disaggregated data continues to be a significant challenge." [90]

Data

Through dialogue, resolutions and proxy ballots, investment companies and shareholders are increasingly engaging with companies to disclose gender pay gaps and assess the workplace safety of all employees. Shareholder activism has been effective in part because companies are seeing previously unaddressed gendered risks and are moving to mitigate them.

Major data providers such as Sustainalytics and MSCI continually work to address this issue. In recent years, policy efforts attempting to meet this challenge have emerged, most notably the UK gender pay gap reporting requirements.[85]

US investors such as Arjuna Capital, New York City Pension funds and Pax Ellevate have also pressed for gender gap data by filing shareholder proposals with targeted companies with Pax also filing a letter with the SEC requesting mandatory disclosure of this data.[86] A number of US investors such as Trillium have used similar means to press for disclosure of workforce diversity data, called an EEO-1 report, which documents gender, racial and ethnic diversity information in nine job categories. In October 2021, US investors representing US$4.6 trillion in AUMs signed a public statement requesting that companies provide better access to information in a comparable form "related to their workplace equity policies, practices, and program outcomes". This in turn would enable investors to compare, understand, and assess the effectiveness of companies' diversity, equity, and inclusion programs and to apply this analysis to their own portfolio management and securities selection process.[87]

Access to gender disaggregated data and data on labour practices, and women in supply chains is also an issue for investors.

In private markets, a controlled and relevant data definition and scoping are important. It is much more useful to examine a female-focused product that addresses women's sanitation and hygiene outcomes in Thailand in the context of that market than it is to consider this impact at a regional health level.

Lack of Track Record

Project Sage 4.0 identified that 65% of the funds in their study were first time funds, i.e. first funds from a given team with this thematic focus. The team members were not necessarily first time fund managers, just new to the strategy. [88]

A lack of track record can make capital raising challenging and raises the risk of GLI funds being small and sub-economic.

In addition, small fund size may limit institutional investor and wealth manager participation creating a vicious cycle. Positively, the Phenix data above indicates that should current fundraising be successful, the average fund size would grow by 48% suggesting a significant improvement in economics and therefore sustainability of GLI funds.

Education and Awareness

GLI is still a relatively new strategy and awareness remains low. GLI fund managers face a number of challenges in educating investors and potentially the portfolios of companies around applying a gender lens including:

- Decoding GLI terminology
- Overcoming key person oppositional bias around gender equity and GLI
- Perceptions that GLI results in a narrowing of the investment universe and/or pipeline
- Perceptions (related to the above) that adding a gender lens to the investment criteria heightens risk
- Varying levels of understanding or bias within different organisations in relation to gender issues within their own companies (portfolio companies or the fund manager themselves).

In light of these challenges, research suggests that some funds are branded as impact investing rather than GLI to gain greater buy-in.[89]

Lack of Local Market Knowledge

This challenge does not relate only to GLI but is an issue with offshore investment, particularly in developing markets more broadly.

The negative impacts can be compounded in relation to culture and gender-based issues. It can also lead to longer periods for deal sourcing and due diligence and overestimation of the materiality of risk factors.

image source: Jeremy Bezanger, Unsplash

COVID-19: Investment opportunities and risks

The COVID-19 pandemic (COVID) has exacerbated existing inequalities, with women and other marginalised groups disproportionately vulnerable to its negative impacts. From a GLI perspective it has created both risks and opportunities.

Table 5. The Risk and Investment Opportunities of COVID-19

The Risk	The Investment Opportunity
Burden of unpaid care and 'The Great Resignation' The pandemic has seen the burnout gap between men and women almost double. One in 3 women are saying they are looking to downsize or leave their job versus only 1 in 4 saying this a few months into the pandemic.[91]	**Investing in the care economy** This is likely to greatly increase workforce participation of women globally. The global unpaid care work is valued at US$10.8 trillion.[92] The monetary value of unpaid care work in Australia has been estimated to be A$650.1bn, the equivalent to 50.6% of GDP.[93]
Loss of jobs The International Labour Organisation (ILO) estimates that 4.2% of women's employment was lost in 2020 due to COVID versus 3% for men. Men's employment is projected to return to pre-COVID levels this year, while women'semployment is expected to be 13 million fewer than in 2019.[94] In Australia, 325,000 women became unemployed at the start of COVID amounting to 55% of job losses.[95] This may have longer-term implications for women's workforce participation.	**Investing in job creation and entrepreneurship** 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%.[96]
Loss of education opportunities Eleven million girls will not return to school due to the impacts of COVID.[97] The number of First Nations children attending boarding schools in South Australia has almost halved in 2021 compared to 2020.[98]	**Investing in Education** If emerging economies invested in girls' education their GDP could be boosted by 10%, compared to only 2% for an investment in infrastructure.[99]
Homelessness Australian women retire with 35% less retirement savings than men[100] and Australian women at retirement age are the fastest growing demographic of people experiencing homelessness. COVID has exacerbated the long-term risk to women's economic security.	**Investing in social and affordable housing** Social housing supports the goals of social inclusion, participation, place making, and economic productivity. Residents often experience improvements in their health, safety, and sense of empowerment leading to positive economic outcomes including employment and government savings in costs associated with health, justice, and welfare services.[101]

“Women have been at the frontline of the pandemic, making up the majority of health and aged care workers. Women have provided the majority of the additional hours of unpaid care during the pandemic, and women have been more likely to lose jobs during the pandemic.”[102]

image source: Kelly Sikkema, Unsplash

Figure 16. How investors are tackling the gendered impacts of COVID

Investing in the care economy

Shinsei Bank Japan Impact Investment II
Issued social impact bonds that prioritise investment in enterprises that address care services that alleviate the burden on women and girls to provide care to their families and communities.

AMK Bank Cambodia
Designed policies to support parents and created strategies to support women leaders by recognising barriers to career advancement and providing training for personal and professional development. According to a 2018 CGAP study, the Bank was successful in reaching financially excluded women by targeting poorer, rural women who mostly use group loans (Women's World Banking).
AMK collects sex-disaggregated data from their customers to better understand the gendered needs of their customers (in the binary sense of gender).

Investing in job creation and entrepreneurship

Beacon Fund
A South East Asia focused evergreen fund supporting women owned and led companies including SMEs in education, health and agribusiness to provide care to their families and communities.

Denmark's Pædagogernes Pension (PBU)
An occupational retirement scheme for the early education sector in Denmark made a US$16.2m commitment to South East Asian Women's Economic Empowerment Fund (Sweef) which invests in women-led companies and microfinance and gender equality, primarily in Vietnam, Philippines and Indonesia.

The Capital 4 Development Asia Fund
Supports gender equality by encouraging gender-balanced business strategies; for example, including women in supply chains and staffing. They have committed 30% of their capital to women owned/led SMEs to include more women in the economy.

The Impax Global Women's Leadership Index
Is the first index of its kind, consisting of the highest-rated companies in the world for advancing women through gender diversity on their boards, in executive management and through other policies and programs.

Thriive Impact Investment Fund
A US-based charitable loan repayment model operating in Vietnam providing loans of up to US$50,000 at below market interest rates for small business.

Investing in affordable housing

Bank Australia

Invests in affordable housing and has worked with Women's Property Initiatives, a women-led organisation that targets the specific barriers that women face to get into housing.

Verve Super

An Australian superannuation fund designed for women. Not only does it apply an ethical and gender lens to its investment approach but it is also focused on financial education for its largely female members. Ultimately its aim is better retirement outcomes for women and the avoidance of issues such as homelessness.

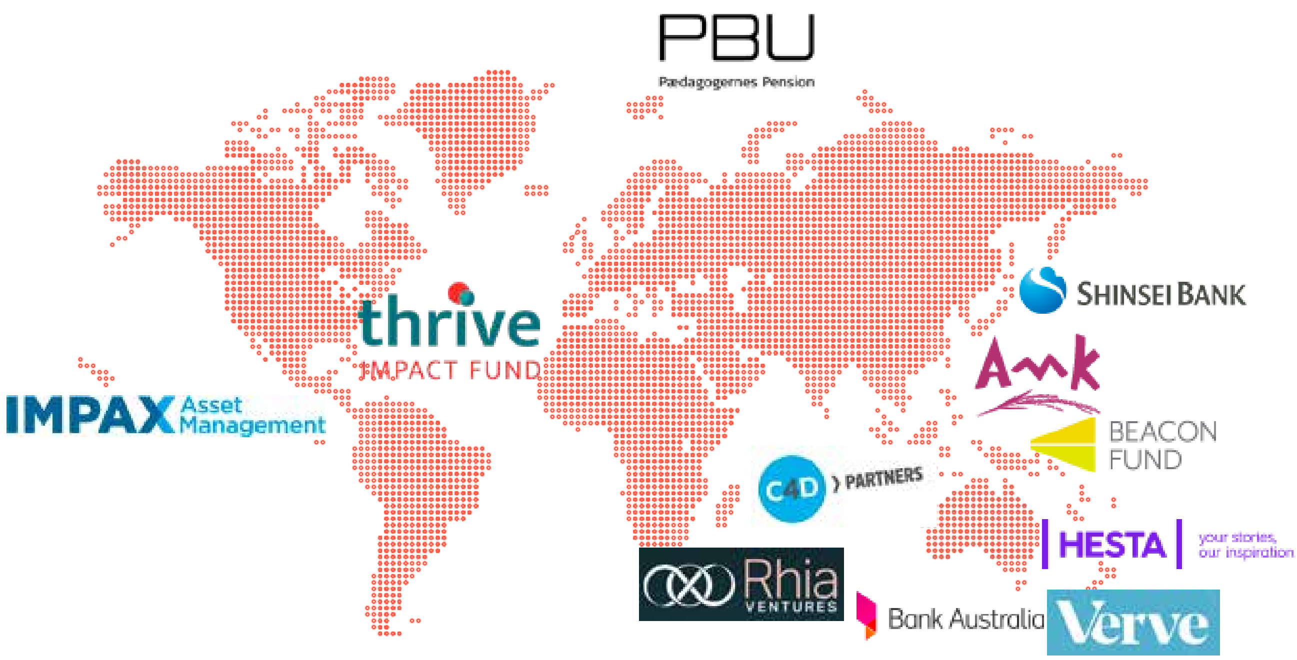
HESTA

Invests invests in affordable housing projects in Australia, some of which are in support of their member base (largely nurses and females). Investments include A$20m invested in Nightingale Village, located in Melbourne and A$6.7m invested in Horizon Housing for the supply of affordable housing in Queensland.

Investing in education

Rhia Ventures

Rhia Ventures is a women-led investment company advocating for sustainable change in women's reproductive health. Rhia Ventures invests in the Oky App – A UNICEF-backed child-focused period-tracker app designed for young girls to better understand their own periods and menstrual health. This enables them to more readily attend school.



Australia in focus
Overview – The Australian landscape

Like impact investing, the development of gender lens investing in the US and Europe was largely driven by foundations and high net worth investors encouraging the development of investments and later products with a focus on gender.

Private banks also responded to demand from their clients and developed gender-focused options that aligned with board diversity in a broader ESG mandate.

In Australia and Asia, the term gender lens investing is growing in recognition and many investors are acting in ways that align with this approach.

GLI interview and survey findings

Through a series of interviews and a survey of Australian investors, generally three categories emerged:

- Those that were or were trying to apply an active gender lens across their entire organisation
- Those that believed they should be doing more with most of their efforts focused on internal organising structures and were possibly also influencing
- Those that had not begun the journey and/or were not keen to engage around the topic.

Our team observed that a number of the individuals (male and female) who were approached were quite defensive and/or uncomfortable suggesting that a framing around GLI or gender per se may not be the most efficacious approach in the Australian context.

There are no funds currently in Australia that position themselves as gender lens only investors.

Brightlight has developed a new investment philosophy that incorporates a gender focus into its approach, and this is translating into product through a multi-dimensional gender lens on its disability housing product.[103] Conscious Investment Management noted that while they don't have a highly documented gender approach they would screen out investments where values (including around gender) were not aligned. They considered that the issue with taking a more proactive approach to gender was the lack of available pipeline.[104]

GLI interview and survey findings continued...

Melior is a leading light in terms of its gender approach but is still relatively small in AUM. As an Australian public equities investor, Melior has been on a journey around what is possible with a relatively small stock universe. Their first iteration on gender targeted women focused products which yielded a universe of one.

They therefore turned to women as employees and in senior leadership positions. Lack of data was a barrier. Workplace Gender Equality Agency data was helpful but at that time only covered the ASX 200 so Melior needed to build its own benchmark of Women in Leadership for the top 300 companies in Australia. This was resource intensive for a small organisation particularly because there is no standardised reporting framework for gender within companies[106]. A group of family offices and HNW individuals have been strong supporters of Melior on this challenging journey as a first time fund manager intent on driving change.

A number of the investors we spoke to have developed internal gender and diversity policies and practices including HESTA (see case study), Christian Super, Australian Super, Aware, QBE and Pendal. To influence, many of these same investors have signed up to initiatives such as 40:40 Vision. This is an initiative led by HESTA, to ensure diversity in executive leadership in ASX 200 companies. Supporting partners include Chief Executive Women, the Australian Council of Superannuation Investors (ACSI), Workplace Gender Equality Agency (WGEA), and the 30% Club with the CEOs from Pendal and Aware Super also on the steering committee.

In the following section of the report, we consider our findings in more detail by investor type.

> "Australia has a cultural problem with women in leadership...There is a lack of respect for women at work, there is a very high tenor of safety issues for women in their homes, and Australia hasn't taken advantage of the advances made in women's education."[105]
>
> – Sam Mostyn AO, Chair, Australians Investing in Women

Australia in focus

Findings for asset owners

Current Practices

Internal

Typically formal diversity and inclusion rather than gender-specific policies exist for internal operations and often extend to composition of the board, Senior Leadership team (SLT) or Investment Committee (IC).

"Diversity comes in all shapes and sizes, not just gender…Our team is very racially diverse and 50/50 male/female. This is very important in terms of the way we think." Large Asset Owner

While for some, targets are not always there nor policies reflected in practice, a number are doing well in this respect.

"Our members are a piece of the total societal pie. Our organisation believes in that ethos and has nurtured 49.9% female and 50.1% male employee split to reflect this." Large Superannuation Fund

Investment

Most asset owners still see Gender through the lens of a broader ESG approach when it comes to investment.

"Super funds are beginning to start the process of looking at their investments through a gender lens. By comparison there is much more focus on considering the environmental issues of investments. However, there is still a lot of work to be done on that front too so gender isn't getting a large focus." – Rebecca Thomas, Executive Director of Impact Investing, Social Ventures Australia

Typically fund managers will be required to answer questions about the diversity of their teams and be encouraged over time to consider diversity where it is lacking.

"In 2018, we started the process of putting gender and equal pay questions into our fund manager request for proposals. One fund manager challenged us as to why we were asking these questions." – Liza McDonald, Head of Responsible Investments, Aware Super

Historical performance of a fund manager is still the overriding factor for most in manager selection.

"When looking at appointing managers we will look at the gender construct of their teams. It's a place for real clarity and conviction. We want best in class managers but still want managers who deliver against our values." – Ross Piper, CEO, Christian Super

In terms of direct investment this was seen as more challenging. Notwithstanding, QBE was the issuer of one of the first gender bonds and HESTA an investor in social and affordable housing noted:

"We were early movers because it was so significant for members and potential members outcomes."
– HESTA

Influence

A number of asset owners are actively engaged in trying to influence gender outcomes at the systems level as described by HESTA in the 40:40 Vision. This also tends to occur through direct voting and shareholder advocacy.

image source: Wesley Tingey, Unsplash

Australia in focus
Findings for fund managers

Current Practices

Internal

The formality of the diversity and inclusion policy will typically vary with the size of the fund manager. Gender-specific objectives do often exist for internal operations and often extend to composition of the board, Senior Leadership team (SLT) or Investment Committee (IC).

"We are proud of our circa 50/50 gender mix and diverse cultural mix. We make decisions – big and small - as a team, so that all voices are heard, and that people are empowered to contribute to the decision. It is not purely about gender; it is about ensuring that diverse views can add to what we do." – Federation Asset Management

Practices and policies are evolving. Pendal Group for example has a suite of initiatives including outsourced diversity training, return to work for women programs, and active diversity recruitment across all levels of the company.

"We have rearticulated our values and embedded them into goals and KPIs as well as the recruitment process...70% of our last round of investment team hires have been women but in total we are still nowhere near good enough… it's a work in progress" – Pendal Group

Investment

It was observed that there was limited demand for gender-focused products from institutional clients. Demand (where it existed) was seen as coming from family offices or high net worth individuals. In public market equities, Melior was the only manager we spoke to (and are aware of) that applies a specific gender lens in the investment process (see case study for further details). In private markets, it is a consideration for a number of managers but more as a screen out (if completely misaligned) than a screen in.

"Gender is incorporated into our investment philosophy, representing an expectation that portfolio managers and analysts will have the ability to assess the areas in which gender impacts their specific portfolio and integrate gender considerations into what they do. We consider gender factors in conjunction with other factors and the broader context in which an investment decision is being made. In our view, gender is and should be part of investment considerations. We would be concerned if there were all men on the board of a company as it would speak to how decisions are made. " – Brightlight Group

Brightlight, with assistance from the Criterion Institute, has recently developed an investment philosophy incorporating a gender approach. We would expect to see this reflected as the group continues to roll out product.

Influence

Public market investors tended to use shareholder voting and initiatives such as the 40:40 Vision as key tools for influence.

"We have a number of tools of engagement – divestment is one of them. Our sphere of advocacy is about 50 companies, 30 of which we invest in and the other 20 with which we try and advocate for change." – Melior Investment Management

Australia in focus

Findings for wealth managers

Current Practices

Internal

Historically, this has been a challenging segment of the financial services sector when it comes to diversity and inclusion particularly at the advisor level. There is evidence that concerted efforts are being made to move the dial. Koda Capital and Crestone for example have both established diversity committees to bring focus to the issue.

"We delegate important decisions that impact gender equity to committees where we have diversity - the Partnership Committee or Diversity and Inclusion Committee." – Paul Heath, Partner and CEO, Koda Capital

E&P Financial Group are looking at ways to grow the talent pipeline.

"We make offers of employment to women under the Graduate and Intern Programs which on a rolling three-year basis average circa 50% of the total number of offers made; and medium term target overall gender ratios consistent with or better than industry metrics." – E&P Financial Group

Practices and policies for some wealth managers are recognising the needs of female staff through flexible working hours, equal pay, mentoring and professional development.

"Consistent working from home has caused us to recognise the need for greater flexibility in working arrangements for all of our staff, but especially those who carry additional responsibilities for running a family. This responsibility falls disproportionately to females." – Paul Heath, Partner and CEO, Koda Capital

Investment

For the most part, a gender focus was not embedded in the investment process of any of the wealth managers, with observations that demand for this from clients was limited.

"There is ad-hoc integration within investment processe. We are considering diversity at company and leadership level to better understand decision making processes and culture. We recognise a tangible link exists between diversity (gender, race, background) and robust decision making - believing diversity fosters innovation, productivity and responsiveness. We also believe the opposite is true with a lack of diversity creating competitive disadvantage." – E&P Financial Group

Influence

Client demand is relatively limited for gender products so influence needs to be advisor driven when opportunities for client "education" or specific requests arise.

"There are an increasing number of clients who are concerned about the lack of gender (and racial) diversity, at all levels. They understand that including women in the decision making process, be that at a company, fund or adviser level, is vital to both financial performance and to creating the kind of society in which they want to live. This is particularly the case with the 'next generation'. We are experiencing an ever-increasing transfer of wealth to those in their 20s and 30s and this group have starkly different investment criteria. They also see investment as another way of addressing the issues about which they care most."

– Crestone Wealth Management

Australia in focus

Findings for family offices & foundations

Current Practices

Internal

Typically diversity and inclusion or gender policies are more informal although practice reflects a real commitment to gender outcomes.

"We are a relatively small family office and so beyond our investment strategy and approach, we don't have many gender requirements formally embedded into our organisational policies. However, because gender equity is front and centre in our work, it naturally happens regardless. For example, the gender balance of teams, or with suppliers (such as event catering or even recruitment platforms) we support female founder led businesses." – a Family Office and Foundation

Policies were focused mainly on hiring and support for carers and paid parental leave with some also considering flexible working hours and pay equity.

Background and culture of the family often underpin the approach to diversity.

"We employ people from all nationalities and backgrounds. We are a migrant founded business. That culture perpetuates over time – there is no formal strategy or targets over that."

– Scalzo Family Office

Investment

Most are or would like to do more around gender lens investing. Challenges included lack of expertise, resource constraints and availability of product. Many foundations or family offices invest with fund managers, and some consider gender at this level.

"For fund managers - we always review the gender balance of the investment committee and the leadership of the investments made. This has made important shifts occur by always asking and providing feedback. We declined investing in something because of a lack of gender balance in both the investment team and the investment approach, and the next product they offered properly addressed this. They indicated that we had a direct influence on this adjustment. "

– a Family Office and Foundation

Some of the foundations are very focused on gender in their grant making but it is less of a deliberate focus for investment of their foundation's corpus.

"When making grants we always ask questions about the impact of a program on women and girls. Even where a program's main beneficiaries are boys there may be aspects of the program where gender is relevant such as whether it support boys to develop healthy relationships with the women and girls in their lives."

- Scalzo Family Office

Those that did pursue gender strategies at the investment level tended to do this through shareholder voting around board composition or through deliberate private market investments. These included property investments supporting female cohorts or private equity backing female founders.

Australia in focus

Findings for family offices & foundations

Influence

We observed that family offices often went beyond the more "traditional" grants and corpus of a foundation to exert influence in other areas of gender support. One family office for example has a holistic approach to gender across its foundation but within the family office will additionally support female businesses and women led managed funds that may fall outside the investment mandate of its foundation's corpus.

"We fundamentally believe in the value of more female leaders, and that having men and women equally sharing power, influence and decision making will lead to better outcomes for Australian society." – a Family Office

SheEO, investor circles, support for advocacy and of market builders were all ways in which this group influenced better gender and diversity outcomes.

This investor group also has an opportunity to collaborate and be the client demand that wealth managers need to contemplate gender focused portfolio development and product. This may require a proactive approach in carving out a small proportion of their corpus for impact with gender equality as one of the priorities.

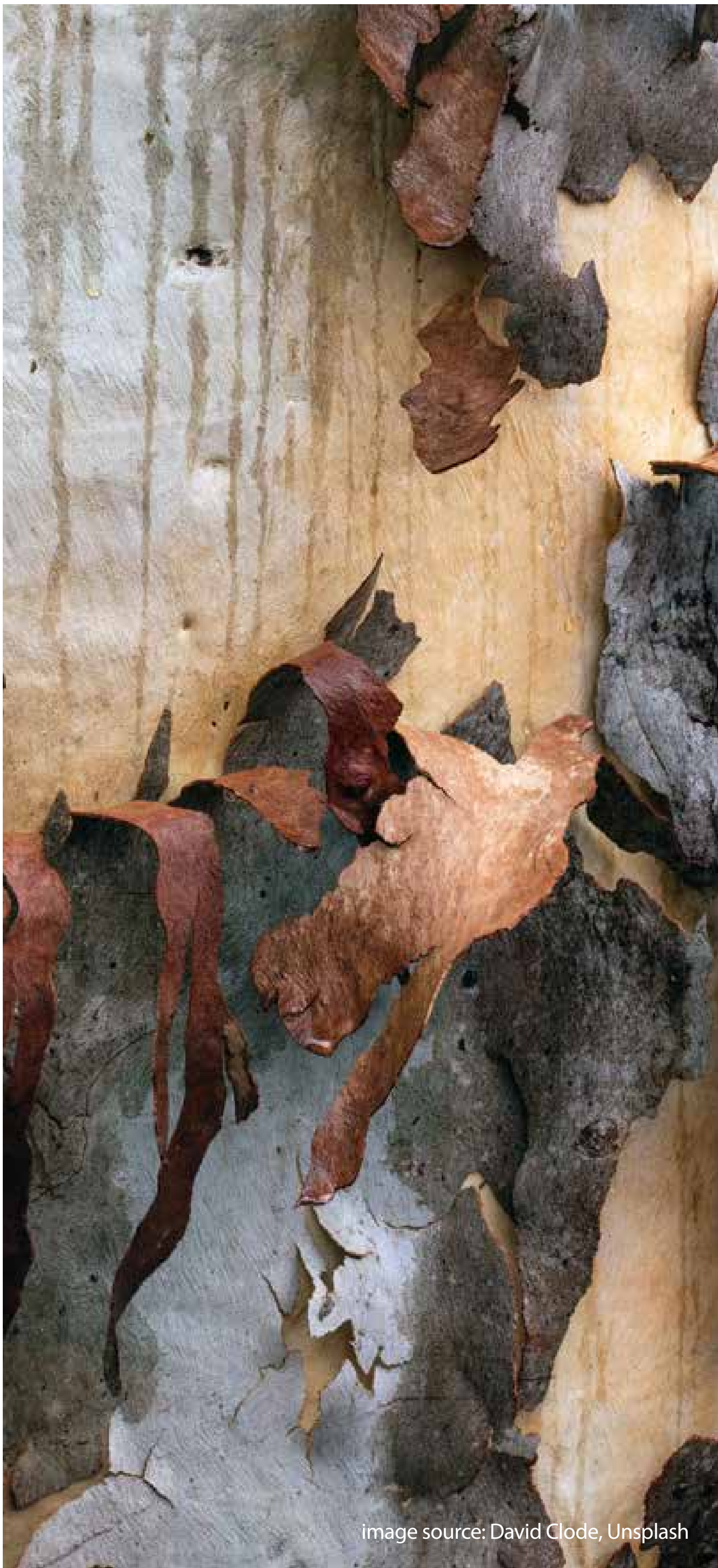


image source: David Clode, Unsplash

Australia in focus
Challenges and opportunities

When we first began this research we envisaged that the GLI challenges may be specific to different investor types. What we found was that while the scale and magnitude may be different the issues are strikingly similar.

It's a women's issue…

Broadly speaking gender continues to be seen as a "women's issue" and as coming at a cost for some.

"Equality is not a zero sum game and often the handwringing is prolonged because some people have to give something up."

– HESTA

In the context of Australia, we see a framing around diversity and inclusion rather than gender as a real opportunity to take the conversation away from the proverbial "battle of the sexes" to one that promotes organisational acceptance and cohesion and focuses on correcting inequitable structures.

"We are struggling sometimes to get the language we want to make sure our fund looks like what we see when we walk outside."

– HESTA

…and there are no women

Similar to the global context (only worse), we kept hearing about the lack of female talent. One asset owner told us that they:

"Spoke to a few funds recently who have put in targets to have females on their team. Roles are being left unfilled. Funds would rather not fill the position than fill it with a man and not meet their KPIs."

There are also potential challenges with building the pipeline of talent.

"Because of the technical nature of our work we tend to hire experienced people and there is very little opportunity to "train" younger women - we are really reliant on others to do this."

– Large Asset Owner

Melior and HESTA who have strongly gender diverse teams gave us some insight into the heart of this problem and with it the potential solution.

"The cultural 'barrier' is the short term trading mentality of the brokers and fund managers and that staff need to be "on call" to deal with this. This is not a conducive culture for women."

– Melior Investment Management

"It plays out in policies…. for example primary carer responsibilities need to be equal male and female. We are very keen for men in the investment team to do this. We have also done extensive pay gap analysis and have no pay gap for like for like roles."

– HESTA

Australia in focus
Challenges and opportunities

"We are trying to get diversity that goes beyond gender when recruiting at universities. We are also working with the Victorian Government to support the return to work for older people." - HESTA

Understanding of intersectionality and other elements of diversity remains limited
Some of the larger organisations interviewed had a Reconciliation Action Plan (RAP) and others were trying to embed broader diversity and inclusion factors.

There is a lack of data and metrics
Notwithstanding the efforts of organisations like WGEA, data and metrics remain challenging. A large issuer of sustainability bonds is yet to do one with a gender lens overlay due to this challenge and related integrity issues.

"There are challenges in making this (gender diversity) happen with metrics and data. The way we make decisions in the investment industry is based on data. Time will help with that."
– Large Asset Owner and Bond Issuer

There is an opportunity to improve and potentially regulate disclosure by corporations (privacy issues permitting) to enable an assessment on diversity performance. This could also enable better longer-term performance outcomes of diverse companies (particularly fund managers) to be tracked to further solidify the business case for diversity and inclusion.

Mindsets need to change from transaction focused to system focused
This issue does not just relate to gender and diversity issues but to the broader field of impact investing for better social and environment outcomes.

"The other challenge is mindset and the way people think. People think very linearly and not about the system. Climate is helping to develop thinking around systems." – Large Asset Owner

Australia in focus
Challenges and opportunities

There is a lack of understanding on how to consider gender in investment processes

There are not enough dedicated gender lens funds in the Australian market and hence at this point we are not facing conversations about universe limitation risk except as described by Melior earlier when the gender focus is narrowed. One private market impact fund manager observed that they do have some concerns in relation to overlaying a gender lens on an already tight pipeline.

The bigger issue in the Australian market is lack of expertise. Considering and measuring gender impacts across sector and asset class requires both gender and investment expertise and/or a translator. These skills are evolving in what is still a relatively young field.

…which in part leads to a lack of products

Conscious Investment is an investor that considers impact and would like to extend this to gender.

"We are really keen to engage with gender lens investing but at this stage we haven't mapped out what that specific investment approach would look like." – Conscious Investment Management

The other issue constraining product development is client demand. Australian asset owners are seeing gender as an overlay rather than demanding specific gender-focused products. Wealth managers are also seeing limited demand from their clients.

"Lack of client demand and expertise are holding us back from doing more. We have seen traditional ESG filters - however we have not yet seen broader gender screening emerging as an important issue."

– Paul Heath, Partner and CEO, Koda Capital

There may be opportunities within specific cohorts.

"The key cohort is the younger gens. The challenge is the priority (of gender) versus other ESG issues e.g. Climate." – E&P Financial Group

Within the Asian context it is a different picture, particularly in private markets where gender may be tracked and measured as one of a set of priorities.

"Gender is often part of the impact theory of change. Gender issues are rarely isolated issues – they live with other things e.g. climate change, racial inequality etc." – Brightlight Group

The emergence of private equity company, Glow, which is directly targeting investment in companies with female founders suggests there may be an opportunity for larger scale gender -focused product over time.

image source: Yusron El Jihan, Unsplash

Australia in focus
Challenges and opportunities

We need more education and awareness

Too many people still see gender equality as a purely moral thing. The growing recognition of gender equality as a moral issue is laudable but insufficient to address the issue

"It's all about the business case. Ultimately any investment we put in front of our clients has to meet our stringent assessment criteria. Fortunately, the evidence is irrefutable for the need for diversity of thought and the importance of decarbonisation, for example."

– Crestone Wealth Management

The opportunity in the wealth management space, as we discussed in Part 1, is the gap in service levels for female clients. Better financial education of this often "hidden" client base could unlock the untapped potential of gender -focused investment approaches and products.

Linked with the topic of education is also the need for buy in from the families in family offices and foundations.

"The challenge is often education and building expertise for family and other team members who are operating across different parts of the family business. In some parts of our operations such as our philanthropy and impact investment we can apply a gender lens and/or implement practices of diversity and inclusion. In other parts of the business the issues can be more complex and technical, requiring nuance and significant time and expertise that the team may not easily have available given the many other challenges they are dealing with."

– Scalzo Family Office

Australia in focus
Key learnings for Australia

Based on the growth trajectory globally of gender, diversity and/or ESG approaches and the international nature of investment markets, at some level investors in Australia need to consider these issues. We identified 13 learnings from our interviews and research which we have summarised below:

Learning 1: It doesn't need to be called GLI to be GLI. In our interviews we spoke with a number of investors who did not self-identify as GL investors and in fact were reluctant to be interviewed for this reason. As the interviews progressed however it became clear that they did adopt a number of GL considerations across the dimensions of our 3is (internal, investment and influence). Diversity as the starting point was an 'easier' entry point particularly with male interviewees than a conversation about gender specifically. Project Sage 3.0 also noted:

"Some funds have consciously chosen not to use "gender" or "women" in their descriptive language and are using the word "diverse." …We have heard from some fund managers, it may be that they are speaking "in code" and are indeed targeting a positive impact on women but are avoiding "gender" language."[107]

Project Sage 4.0 also found that there are some funds that do not have an explicit gender mandate in their criteria but choose to implement gender integration as part of how they do business even though it is not publicly stated.[108]

Learning 2: ...and it doesn't need to be 'just' GLI. For a number of investors, GLI may not be their only impact approach, but this does not necessarily lessen its importance. Project Sage 3.0 which is specifically looking at gender smart funds noted that for 88% of funds surveyed, gender was reported as one of their top four impact priorities of equal importance. Project Sage 4.0 did not mandate that gender was the top priority for funds to be included in their survey. Surveyed funds include those that may prioritize a sector or a geography and also include gender as a meaningful part of their thesis.[109]

QBE for example looks at five priority SDGs: SDG 1: No poverty; SDG 8: Decent work and economic growth; SDG 10: Reduced inequalities; SDG 11: Sustainable cities and communities and SDG 13: Climate action. While SDG 5 is not explicitly called out, gender diversity considerations have been embedded into QBE's fixed income investment process since 2016.

For Australia, given the evolution of the market toward considering climate and the SDGs more broadly we expect gender equality will be more likely to gain traction as one of a number of impact areas rather than a focal point in itself.

Australia in focus

Key learnings for Australia

Learning 3: Men need to be part of the conversation. Overwhelmingly, through the interview process we talked to a nominated woman from the organisation. Given the predominance of men in the investment community they clearly need to be much more active participants in the conversation. In all other spheres we face the problem of 'manels' (all male panels).[110] In the gender lens space it it is commonly the opposite with 'Wanels' being the norm. This is typically the place that we also find female fund managers. Finding ways to make a discussion on gender less oppositional and more inclusive is critical. Interestingly, Pendal Group told us they ran a series of workshops in 2020 and those that emerged as having the biggest sense of not being included were the men with female characteristics.[111] Their approach is thus now one that targets broader diversity, equity and inclusion.

Learning 4: No one wants to be 'the only one'. Having the 'token' woman or diversity representative on an investment committee, Board and so on often adds to the problem. Organisations that have a culture that recognise and embrace difference and normalise diversity do much better in their gender-focused approach. Black Rock for example has a strong commitment to diversity (see case study).

Learning 5: It's hard to attract and retain female talent. Through the course of our interviews, we heard from several investors that attracting and retaining female investment professionals continues to be a challenge. This may relate to organisational culture above, but it could go beyond that particularly in relation to investment teams. One interviewee described women as not wanting to be part of the "brand" of finance and investment with a further issue being that often successful women needed to adopt male characteristics. Another interviewee suggested that while they took equal amounts of men and women at more junior entry points for investment teams, women tended to leave these teams in favour of more value-aligned areas like impact.

Learning 6: For the majority it is still 'finance first' For institutional investors across most major markets, regulatory requirements may speak to impact considerations but not at the expense of financial return. During a number of the interviews with asset owners, considerations around gender composition of fund manager investment teams turned very quickly to "not at the expense of financial performance". Given the constraints of fiduciary duties, replacing a team with the strongest performance track record in an asset class and poor diversity composition is not seen as a possible option by the asset owners we interviewed. This implies the process of change is more likely to involve ongoing pressure on fund managers to consider gender diversity over time.

Australia in focus
Learnings for Australia

Learning 7: Moving the dial in public markets is harder but at least you have a vote. While some public market funds do target women in leadership (WIL) metrics this can be challenging in narrow markets where the overall universe of stock selection is smaller. One interviewee described an underlying gender philosophy that more diverse companies that have broader viewpoints catalyse better strategic decision making and better long-term performance. Notwithstanding, it was seen as difficult to change fund managers if they didn't take a similar approach. One interviewee said that their CIO "believes that diversity is beneficial to returns, but it is secondary to the strategy of the business."

For public markets, interviewees described key tools as shareholder advocacy around boards and senior leadership teams. One asset owner introduced a gender board voting policy which required all ASX 200 boards to have one female on the board or they would vote against the next male that was up for re-election. They spoke with companies directly to try and affect this change. A couple of years later this was upped to two women on ASX 200 boards towards to what they believe is a more gender diverse split of 40/40/20.

Learning 8: We need more experts. Similar to the field of impact investing, there are many people who understand finance or gender/ diversity issues but very few who are expert in both. Collaborations like our own in producing this report are critically important. Partnerships between traditional donor organisations and fund managers (such as EMIIF) can yield highly positive results. Consultants and expert advice can be a great start for an investor starting their GL journey but dedicated resources and building internal expertise is critical. Gender Champions can be the focal point of these skills ensuring the right questions get asked across the dimensions of the 3is.

Learning 9: GLI is a tool to change the system not an end it itself. When it came to the Internal element of the 3is, some of the investors we interviewed were thinking about systemic change in areas like developing the pipeline for female talent. This was particularly at the university level where initiatives ranged from female targeted scholarships for higher levels of financial education to attractive internship programs.

Other organisations such as Bamboo Capital and EMIIF that were investing in regional emerging markets were addressing not just the capital side of the investment but how capacity for investee entrepreneurs could be built over time.

Influencing strategies such as those of HESTA in initiating the 40:40 Vision and Trillium around female reproductive health were targeted at broader system outcomes.

Framing of the organisational gender or diversity approach taking into account the impact beyond the organisational level is critical for sustained and long-term change.

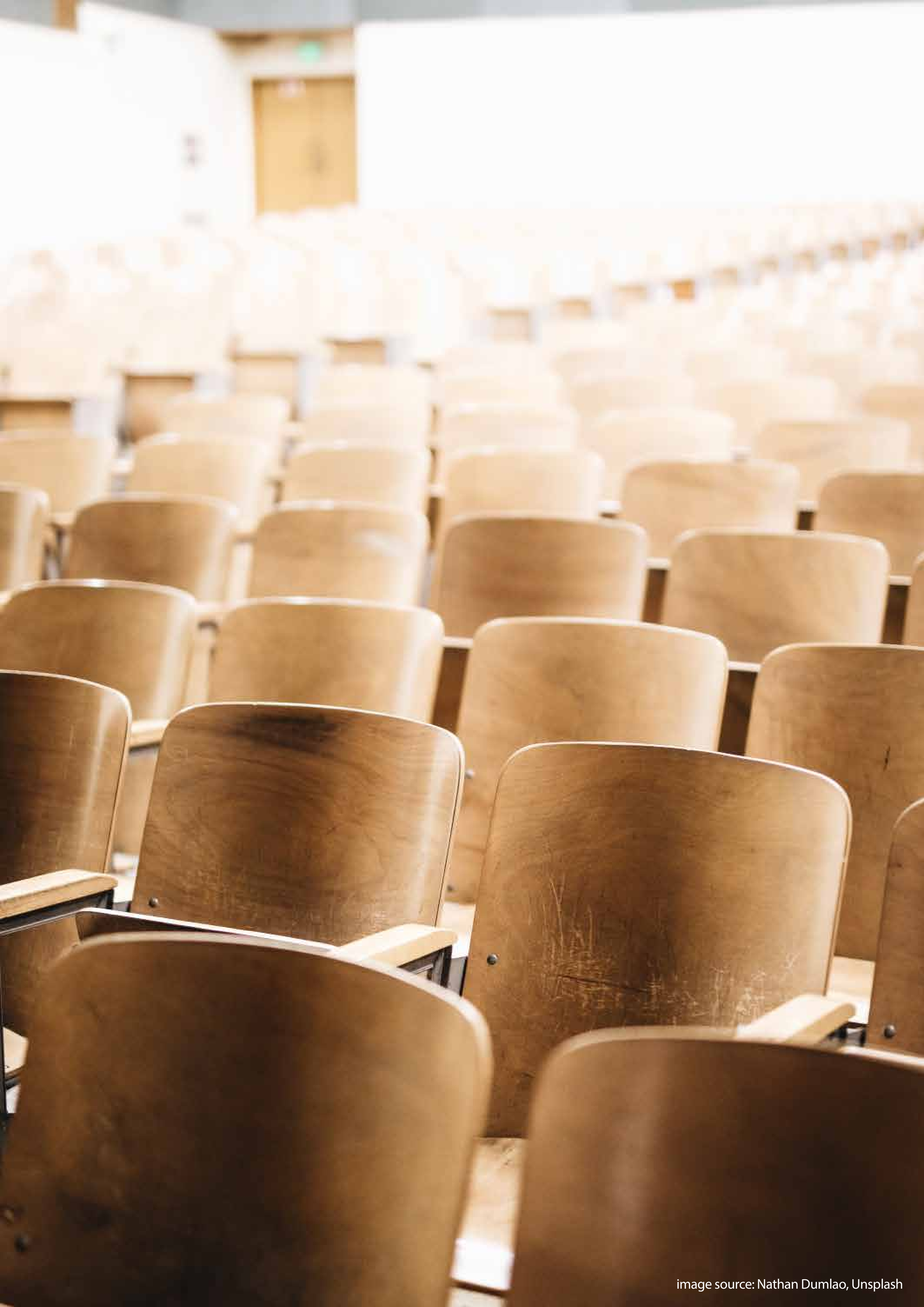


image source: Nathan Dumlao, Unsplash

Australia in focus
Challenges and opportunities

Learning 10: Don't be "bitsy" make it organisational. The best GLI approaches start with a whole of organisational approach and an organisational sponsor not piecemeal initiatives. This enables the gender and/or diversity focus to permeate through all parts of the organisation from board and senior leadership composition to investment, procurement, product development and customer focus. The Trillium case study is an example of a self-fufilling prophesy where a whole of company approach and culture of diversity and inclusion built on itself with the attraction of diverse talent.

Learning 11: Real change means challenging orthodoxies and helping changemakers Due Diligence 2.0 for asset managers sets out a list of new ways of selecting Black, Indigenous and People of Colour (BIPOC) managers that challenge existing practices and help first time fund managers.[112] The same approach could be applied to gender and involves challenging orthodoxies.

Orthodoxy 1: A strong track record de-risks future performance. This runs counter to the disclaimer on every investment document that 'Past performance is not an indication of future performance' but the track record question is normally one of the first asked.

If we truly want to enable gender diversity, track record alternatives need to be considered as first time managers, as the name suggests, do not have a track record as a team.

The US$52.9bn Teachers Retirement System of Illinois established one of the longest running US emerging manager funds 15 years ago. 95% of the US$675m preliminary total of this emerging manager program was managed by 17 minority- and women-owned companies. Across the entire portfolio, 28 minority/women-owned companies, including those in the emerging manager program, managed a preliminary total of US$9.5bn, or 18.6% of total plan assets. Programs like this could be adopted for Australian and regional context with foundations also having a potential role to play. The Kellogg Foundation is a leading example of this in the US and we are starting to see the Paul Ramsay and Minderoo Foundations also showing some support in this area.

Orthodoxy 2: All managers of the same asset class should charge the same fee. Unfortunately all managers of the same asset class are not managing the same level of AUM. For first time fund managers, fees often need to be higher in percentage terms (albeit not in absolute terms) so they are not sub-economic or without sufficient resources to enable strong performance.

Orthodoxy 3: Modern Portfolio Theory tells us that a gender or diversity based approach to investment reduces the investment universe and adds portfolio risk. We would argue that a failure to consider social and related economic diversity factors within the investment process adds a heightened level of thematic risk that for particularly deep markets far outweighs any risk in universe restriction. Studies on ESG-related screening and integration approaches are supportive of this view.

Australia in focus
Learnings for Australia

Learning 12: If Australian and regional local investors don't see the opportunity, others do. We discussed earlier the need for local investors to support the supply of capital into markets in which they had local knowledge and expertise. It is already possible for Australian investors to go beyond this and support new SEA GLI fund establishment alongside those with expertise like EMIIF. Private Equity funds (mostly North American) are already directing their focus into East Asia, South Asia or SEA with 26% of Project Sage 4.0 survey respondents identifying these areas as target regions.[113]

Learning 13: There is no silver bullet on metrics and measurement…then there's the data. There is not a definitive set of metrics or "the" measurement tool for gender. Depending on the asset class, investor type and reporting requirements one or several tools may be used. That said, there are many tools and a lack of consistency can open the door to misinterpretation and in the worst case a lack of integrity around gender outcomes.[114] One entity that raises capital for government told us that measurement and reporting needs to be highly transparent and avoid any potential for questions on gender integrity as it would have enormous reputational consequences for the government.

GLI best practice
The 3i Framework

Our GLI 3i approach is designed to connect the core elements of a company's Internal operations, Investment process and Influence on system. It promotes an integrated approach for investors considering gender and racial equity and the outcomes for their own people, policies and processes. The ultimate goal for companies striving to be 'best in field' is the integration of gender equity outcomes under all 3i areas:

- Internal operations: How to consider gender and racial equity within your company (governance, policies, people, processes).
- Investment process: How to consider gender and racial equity within investment processes (specific to investor type).
- Influence on system: How you can use your influence to achieve gender and racial equity beyond your own core work.

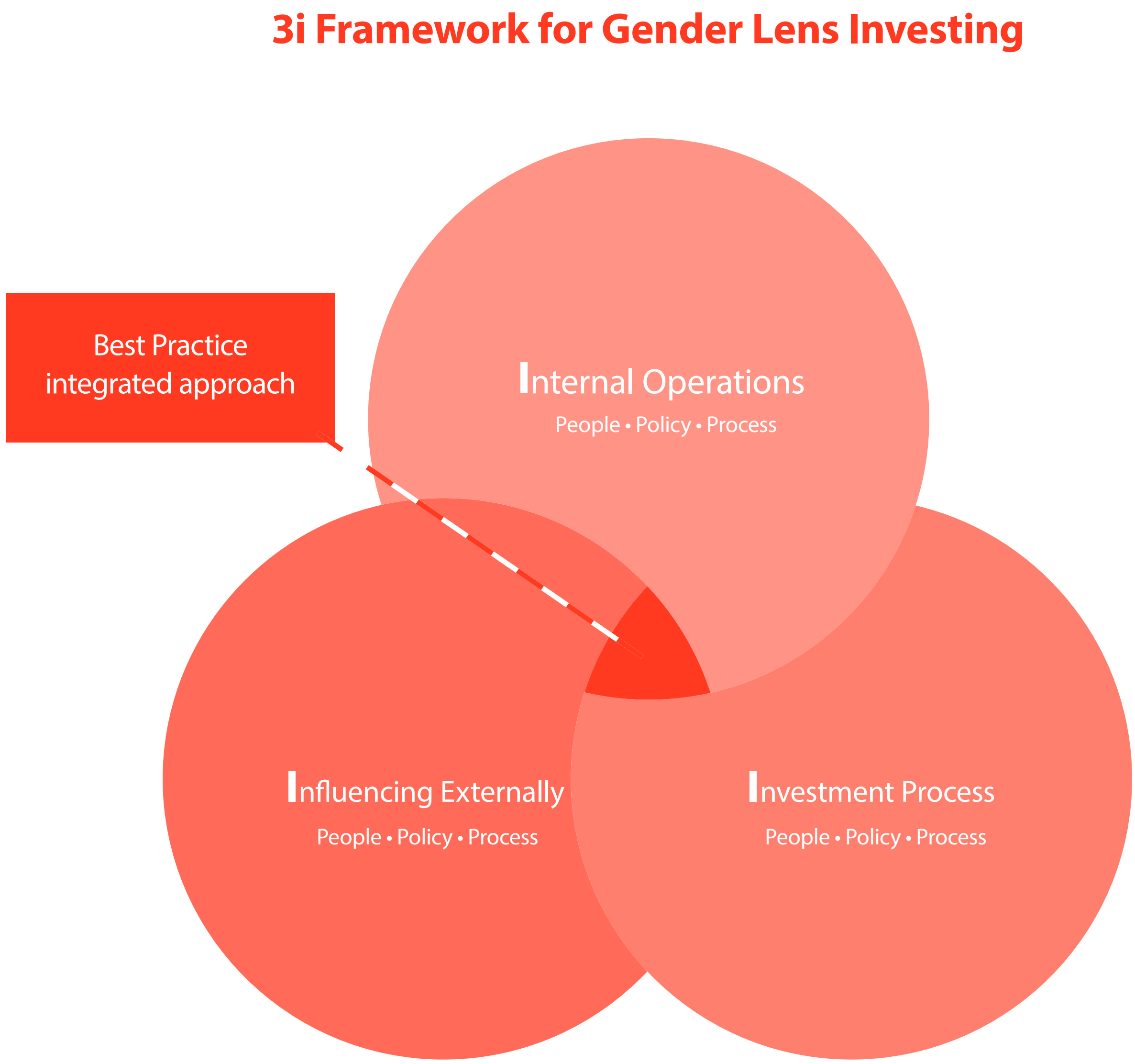
It is critical for an organisation to define what their intended gender equity outcome and impact is across each dimension.

The intended outcome may be consistent across the three dimensions or vary. For example a gender equity outcome could be 'women in leadership'. A consistent metric could be adopted in the full range of 3i activities or be more specific for some areas as shown below:

- **Internal**: ensuring the organisation has appropriate levels of women in leadership (*Example metric*: 40:40 target for: Board, Senior Leadership and/or Investment Committee).
- **Investment**: considering women-led funds or portfolio companies (*Example metric:* Female CEO and/or > 50% women in Senior Leadership team). Investments across different asset classes may also have a nuanced gender focus.
- **Influence**: being a signatory and advocate of the 40:40 initiative (*Example metric:* Change in % of women on boards and/or in CEO roles of ASX 200).

Importantly, GLI will not ultimately serve its purpose of achieving positive improvements in gender equity if it is considered as an isolated activity and not as one fundamentally aligned with and dependent on the broader system.

Figure 17. The 3i Framework, a comprehensive approach to Gender Lens Investing



Internal Operations

How to ensure your company's internal structures and systems (policies, people and processes) are gender equitable and inclusive.

Investment Process

How to ensure your investment processes (including investment strategy and philosophy, due diligence processes, post-investment support, review, analysis, investment team structures and more) are gender equitable and inclusive.

Influencing Externally

How you can use your influence to achieve gender equality and social inclusion beyond your own core work.

GLI best practice
The 3i Framework: Internal

Internal

A successful GLI strategy starts with setting the right tone internally within an organisation and specifically with a culture that sees gender equality as a business and investment enhancer. If there is a sense of a "trade off" then the strategy is likely to be vulnerable and lack commitment across all levels of the organisation. Positioning GLI as reducing risk, creating opportunities and combating systemic bias for better overall business and investment outcomes is key for broad internal stakeholder buy-in.

Internal changes that can drive the shift toward an inclusive and equitable organisational environment include actions at the following levels:

People: ensuring people from diverse social identities and backgrounds have the opportunity to participate fully in the workplace, demonstrated by a meaningful commitment to ensuring all team members are included and supported to reach their professional potential. An inclusive workplace not only attracts talent, but retains them and contributes to high performing teams.

Policies: workplace policies and benefits should seek to remove any barriers to a fair and inclusive work environment and therefore be designed to support people with intersecting or compounded forms of disadvantage. For example, leave benefits and flexible work policies should take into account the various challenges that may be experienced by team members impacted by different forms of disadvantage such as disability, racial or ethnic identity, socio-economic status, age and so on.

Governance: internal decision making processes and actions by an organisation's Board and/or Senior Leadership Team can set the tone for the level of organisation-wide commitment to inclusive and equitable governance processes. Gender equity and other inclusion efforts have the greatest impact when embedded into the governance structures and processes implemented by an organisation. This top-down approach ensures there is an ongoing and sustainable commitment to gender equity in the long term.

Product and service design: applying a gender lens to the operational dimension of an organisation can ensure that its product and/or service design is mindful of gender dynamics and the ways in which different forms of diversity can act as a barrier to access to products and services. For example, the design of a financial product or service is better able to reach the consumer or beneficiary when it takes into consideration the various cultural, political, social and other geographic factors that could exclude women and others with intersecting forms of disadvantage from accessing the business offering.

GLI best practice
The 3i Framework: Internal

A recent report by the CDC and IFC outlines four actions to establish strong internal processes including:

- *Baseline gender diversity in the company.* Conduct an internal company-level assessment and collect sex-disaggregated HR data to examine talent pipeline and fund operations.
- *Communicate ambitious long-term goals and targets*. Changing the gender balance of an organisation will not happen overnight, but leaders can set SMART goals over a reasonable timeframe of 5-10 years.
- *Collect data to assess progress.* On a quarterly basis, data should be collected across the talent management pipeline to measure progress from baseline data towards long-term goals and targets.
- *Hold leadership accountable for progress.* Fund managers should assign ownership and allocate resources for diversity initiatives. This is a critical action to demonstrate that gender diversity is a priority and sets a tone across the organisation to reach diversity targets.[115]

In addition to the above, reframing and broadening the approach for what good leadership looks like and the contextual setting to enable this have been key factors in promoting better gender diversity outcomes and attracting and retaining a more diverse talent pool. Factors such as flexible working hours, parental leave, adequate professional development, workplaces free from harassment and bullying are often more important in work life balance for women than financial incentives.

GLI best practice
3i Framework: Investment

Investment

Portfolio, not product: In the wealth management space, consistent with an evolving suite of products globally, clients with a gender focus are moving from single products to portfolios. Fully diversified gender lens portfolios are being constructed which address gender-based violence, women's chronic under-representation in leadership, and spur innovations in women's health care.[116]

Culture not counting: While counting the number of men and woman can be a helpful first step in GLI, a more holistic approach takes in culture, barriers and behavioural changes needed to address gender gaps.

In a private equity market context, investors/ limited partners (LPs) and fund managers/ general partners (GPs) use a number of mechanisms with which to drive gender equality:

- Structural considerations in legal agreements and investment documentation
- Consideration of maintaining gender equality on exit.
- Strengthening or influencing gender diversity, especially within investment teams
- Adoption of gender-focused strategies in the investment or portfolio construction process.

For LPs it often starts with asking the question. Research from the IFC found that about 65% of LPs view gender diversity of a company's investment team as important when committing capital to funds; however, according to GPs only about 25% of their LPs ask about it.[117]

A best practice gender lens investment approach typically involves:

- *Identifying impact goals and opportunities and developing a related investment thesis.* We discussed earlier (**Table 3**) some key issue areas related to gender equity and how specific investments addressed these issues. These investments may have formed part of an investor's broader portfolio of investments related to the issue.

- *Defining the scope and KPIs for the impact.* This requires careful planning and coordination to ensure gender impact measurement, management and reporting is meaningful to investors and useful to investees. The investee metrics will need to be tailored as part of the investment process and will likely overlap with, but be broader than, the reported metrics for investors.

- *Due diligence and origination of existing and potential for impact.* This involves asking the right gender-specific questions and human centred design to understand people's needs. AgDevCo has adopted a practice of identifying Gender Champions to ensure gender considerations are not overlooked in this part of the process. Anti-discrimination/equal opportunity policies and mitigation of negative externalities on women in the community may also need to be considered. [118]

image source: Jay Wennington, Unsplash

GLI best practice
The 3i Framework: Investment

- *Investment approval and deal close.* Gender-related risks and opportunities should be included in the investment papers. Key gender metrics should also be identified and an action plan agreed and documented as part of deal execution where possible.

- *Measuring, managing and evaluating investments.* In public markets this requires active management and timely divestment if gender objectives are not being achieved. Ongoing gender equity improvement is more hands-on in private market investments and is often the most difficult aspect of GLI. Partnerships with larger players can bring additional experience and expertise. Gender Champions within the GP and/or the portfolio company can ensure the pre-agreed collection of appropriate sex-disaggregated data, monitoring of gender progress and regular reporting. Selecting a contextual and appropriate baseline against which to benchmark is additionally helpful in this process.

The impact of COVID on the investment approach

As outlined above, women have been disproportionately impacted by COVID. Through an investment lens this has played out particularly in private market investments where women already struggled to access capital (this has got tighter) and often have smaller less developed consumer facing businesses which have been particularly vulnerable. Investors have developed a range of strategies both financial and non-financial to help meet the needs of investees. These have ranged from loan restructuring and deferrals to concessional and/or new capital to support short-term liquidity requirements. It is argued by some that COVID has heightened the need for innovative and flexible local capital from in market high net worth investors (HNWI), family offices or foundations to bring greater experience of context in combatting the issues.[119] For any gender lens investor, an effective solution starts with the collection and analysis of sex-disaggregated data relevant to a better understanding of the COVID-related gender impacts for investees and their stakeholders.

GLI best practice
3i Framework: Influence

Influence

CDC and IFC research suggests that more than 70% of private equity companies in emerging markets are dominated by male leaders, making senior male leadership support critical for change.[120]

Publicly committing to gender diversity can lead to various benefits including GLI pipeline development and fundraising opportunities. There are measures which male leaders can adopt more broadly to influence including:

- joining roundtables and working groups on the topic of gender diversity to share experiences and approaches with others
- leveraging media tools, such as blogs and opinion pieces to make the GLI case and provide suggestions for adoption to others.
- boldly publicising their own gender gaps, acknowledging that low representation of women is not acceptable and highlighting proactive ways this can be remedied
- joining national and international platforms to leverage public speaking opportunities with large audiences and gain recognition for their company's GLI approach.[121]

Research from the IFC found about 65% of LPs view the gender diversity of a company's investment team as important when committing capital to funds.[122]

Moreover, the Institutional Limited Partners Associatio (ILPA), a global organisation of over 500 members representing more than US$2 trillion of private equity assets under management, has underscored the importance for GPs to address the under-representation of women in private equity.

GLI Best Practice: Case Studies

image source: Paris Speak, Unsplash

image source: Airfocus, Unsplash

Case study:
The Sasakawa Peace Foundation (SPF)

A pioneering foundation allocating up to US$100 million from its endowment to investing with a gender lens.

Asia Women Impact Fund (AWIF): Investments through the gender lens

SPF, a private Japanese foundation established in 1986 to enhance international cooperation has prioritised the advancement of women's empowerment as one of its main strategic pillars to achieve its mission of stimulating greater societal progress.

SPF was the first private foundation in Asia to create an impact fund with a dedicated focus on gender issues. SPF's Asia Women Impact Fund (AWIF), established in 2017, will invest up to US$100m of SPF's endowment to promote gender equality and women's economic empowerment.

Through its dedicated Gender Investment and Innovation program (GIIP), SPF works closely with regional partners to implement technical assistance programs that support the needs of local women entrepreneurs and small and growing businesses that are looking to expand while applying a gender lens.

Gender Lens Approach

SPF's GIIP aims to advance women's economic empowerment and gender equality by leveraging the full spectrum of capital, including philanthropic funding and commercial investments:

- *Commercial investments through AWIF.* AWIF investments aim to achieve the double bottom line of improved gender outcomes and sustainable financial returns.
- *Philanthropic funding programs.* These technical assistance programs are co-designed and funded/co-funded by SPF, with local partners across Asia with a focus on supporting women.
- *Inclusive entrepreneurial ecosystem building.* Focused on entrepreneurs and expanding the pipeline of gender-smart entrepreneurs. Examples of these programs include SanThit, Myanmar's first and only gender smart accelerator, the Gender Lens Incubation and Acceleration (GLIA) Program with DFAT Frontier Incubators and ygap, and the Women Entrepreneur (WE) Rise digital platform in collaboration with the ANDE Gender Action Lab and local partners in the Philippines and Myanmar.

Photo: Ms. Ayaka Matsuno, Director of Gender Investment and Innovation Program, the Sasakawa Peace Foundation

"While the topic of gender equality is often interpreted and discussed in the context of women's empowerment, at its core, gender equality is an issue that affects all of us. We need to consider equality, inclusivity, diversity, and intersectionality on all dimensions and ensure all members of society have opportunities to prosper and thrive."[123]

- *Inclusive ecosystem building*. In addition to investments and technical assistance programs, SPF works with ecosystem builders and intermediaries to raise awareness of the value and business case for gender lens investing and supporting women entrepreneurs. SPF uses impact measurement and management principles to understand the impact its investments and programs are having on women's empowerment. In partnership with other GLI leaders, SPF has developed training programs and webinars to help investment professionals apply a gender lens to their investment strategy, including the GLI Fellowship program in partnership with Investing in Women, AVPN and Value for Women.

Gender Lens Investments

AWIF's portfolio consists of several investments with a current value of US$38m which includes:

Beacon Fund. These investments provide fit-for-purpose financing for women-led and women-owned businesses in Indonesia, Vietnam, and the Philippines. This enables entrepreneurs to better manage their working capital and asset purchases and grow and scale their operations, while building the credit history required to access conventional financing.

JAPAN ASEAN Women Empowerment Fund (JAWEF). This blended-finance structured fund provides loans to microfinance institutions (MFIs) that serve female entrepreneurs in ASEAN and South Asia. JAWEF is a three-tiered fund that leverages first-loss and mezzanine tranches to mobilise institutional investors in the senior tranche. JICA and JBIC took the junior tranche in the fund to accelerate women's financial inclusion in Asia. JAWEF has supported 250,000 microentrepreneurs, of which 91% of end borrowers are women.

BlueOrchard Microfinance Fund (BOMF). BOMF is BlueOrchard's flagship fund, the first private microfinance investment fund worldwide focused on emerging and frontier markets. The fund invests into microfinance institutions that provide loan capital and increasingly savings, insurance, and related products to low-income groups, enabling them to create and grow income-generating activities and to break out of poverty. BOMF focuses on double bottom line investments that yield a financial return and social impact. As of June 2021, 28,574,769 microentrepreneurs had been served, where women entrepreneurs made up 77% and rural entrepreneurs constituted 56% of the client base.

Further information: www.spf.org/awif/

Impact approach
Internal | Investments | Influence

SPF has made significant in-roads on its path to gender lens investing. The Foundation took the first steps to be a GLI practitioner because of the emerging global trends in ESG and impact investing to pursue the double bottom line of creating impact whilst yielding a good financial return.

INTERNAL: Gender equality is a strategic pillar

SPF's decision to embed women's empowerment as a core strategic pillar of the Foundation was led from the most senior levels of leadership. A range of gender equality initiatives including the establishment of a diversity and inclusion taskforce has been driven and implemented with dedicated capability and mission within the organisation.

INVESTMENT: A pioneer in Asia by investing part of its endowment with a gender lens

SPF's allocation of a portion of its endowment to GLI is important for the outcomes it achieves for women while delivering a financial return. GLI investments made through AWIF also helped to diversify SPF's investment portfolio. AWIF is also taking the lead to incorporate impact measurement and management processes to better understand how different investments within the portfolio are creating impact for women in Asia.

INFLUENCE: Building the ecosystem

Beyond its own investments and programs, SPF's AWIF engages in activities which create an enabling environment and contribute to building an impact ecosystem in the Asian region, focused on advancing women's economic empowerment.

SPF recognises that philanthropic capital has an important role to play in developing tools, resources and networks that open up opportunities for entrepreneurs, investors, and other ecosystem players to interact and collaborate.

Through the experience establishing and managing AWIF, SPF has become well-versed in the merits and good practices of gender lens investing and benefits of supporting entrepreneurs in order to realise sustainable economic development. To this end, SPF has been able to share its experiences with other like-minded organisations, advise other foundations and regional programs on ways to apply a gender lens and use its convening power to bring together foundations and other organisations to support gender lens investing. SPF's approach to building the field for GLI is also supported by knowledge sharing through support for research.

Case study:
Veris Wealth Partners

Supporting clients to achieve financial goals and positive impact through wealth management.

Bending the arc of capital and driving impact through active ownership

Veris Wealth Partners is a US-based wealth management company founded in 2007. Veris serves individuals, families, and private foundations. The company helps clients achieve their financial objectives, while aligning their wealth with their values.

The primary reason that clients choose Veris is because they seek to align their wealth with their values and many come to the company with a desire to extend their impact by targeting specific issues. Veris helps clients that are passionate about specific issues participate actively by enabling them to utilise the full suite of influencing tools available to owners – including shareholder activism.

Gender Lens Approach

Gender forms part of Veris Wealth Partners' stated commitment to fostering and growing a more inclusive economy, expanding economic and financial access, and empowering historically marginalised communities. Veris has also honed its focus on racial inequities in response to growing demand driven by the Black Lives Matter movement.

Veris has produced five surveys of the GLI products that are public markets (separately managed accounts, mutual funds, ETFs, gender bonds and certificates of deposit) and explicitly support gender balance and equity. Parallelle Finance has also begun reporting quarterly on public market GLI products minus separately managed accounts. Veris released its last survey for separately managed accounts in December 2021.

Gender Lens Investments

Veris takes a multi-pronged approach to gender and diversity inequalities through internal hiring and promotion practices, investment manager due diligence, the placement of capital, and by supporting the growing number of women impact investors.

Veris has integrated diversity, equity and inclusion into its investment manager due diligence process and has set targets and metrics to increase the diversity of their approved investment managers.

Veris has signed up to three major commitments related to gender and diversity in investment. These are:

- *UN Women's Empowerment Principles (WEPs)* which provide guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. Established by UN Global Compact and UN Women, the WEPs are informed by international labor and human rights standards and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women's empowerment.
- *Confluence Belonging Pledge* is a commitment to discuss racial inequity in the investment committee irrespective of how uncomfortable it is.
- *Due Diligence 2.0.* which is changing the way in which asset managers are selected.

Further information: www.veriswp.com

Image source: Veris Wealth

Impact approach
Internal | Investments | Influence

Veris says that "justice, equity, diversity, and inclusion must touch every aspect" of its work from its hiring practices, working culture to the selection of investment managers to the investments it makes. In addition, Veris is actively contributing to knowledge sharing and advocacy in these areas.

INTERNAL: Increasing gender diversity in senior leadership

Veris has had a female CEO since inception and the company's commitment to increasing diversity within the company can be seen in the growing percentage of women and people of color in staff and the leadership team. As of the end of 2021:

- 40% of the company's partners are women
- 40% of the company's partners are people of color
- 56% of the company's staff are women
- 30% of the company's staff are people of color.

The company aims to increase its diversity, including in disability, race, religion, sexual orientation, gender expression, veteran-status, and more. To accomplish this, it is implementing proactive hiring practices to access more diverse channels for recruiting at all levels, including hiring highly skilled staff and partners with visual or other impairments.

INVESTMENT: Gender across all asset classes

Veris works across all asset classes and customises portfolios to meet clients' financial and impact goals. Veris takes a balanced portfolio approach for gender across asset classes – noting the depth of gender analysis and impact may be different for different asset classes and investment managers. For example, across public equity markets, gender lens tends to focus more on women in leadership and organisational policy, such as pay equity, whereas in public fixed income and private markets gender lens may also focus on women's access to capital and other metrics. Across all asset classes availability of data for analysis and impact measurement can be a challenge. A number of efforts in the impact investing and gender lens fields are working to address this challenge.

INFLUENCE: Through shareholder activism

Veris reported its clients signed onto 101 shareholder engagement opportunities in the 2020-21 proxy season. The key issues its clients acted on were diversity, equity and inclusion, as well as the intersecting issues of environment and climate. Wage inequity is a key issue that affects women and minority groups.

Veris has been actively engaged with public policy to campaign against the restricting of shareholder activism in the US. Veris said that the Securities Exchange Commission proposed new system will "significantly limit the opportunities for non-institutional clients to exercise their shareholder rights in publicly traded companies" and that this would "hinder activist shareholders from accomplishing the dual goals of shareholder engagement and portfolio diversification."

> "We, as investors, must demand change and put our dollars into companies that are showing their commitment to building racial and gender equity and dismantling white supremacy. We can use shareholder advocacy to move companies toward action."
>
> – Stephanie Cohn Rupp, CEO

Case study:
Melior Investment Management

Impact investment manager influencing listed companies to drive impact through gender diversity.

Walking the talk

Melior Investment Management (Melior) is committed to shaping a better world through investment. It advocates for the change it wants to see in the companies it invests in, and the strategic environment within which it works. Melior leads by example by adopting these practices itself.

Melior is an Australian impact investment manager committed to driving positive change.

Melior was established in 2018 by experienced investment professionals who want to be part of the change they want to see in the world. Melior's theory of change leverages the power of capital and corporations to bring about change.

Melior seeks to provide investors with access to a scalable, liquid listed equities fund that not only delivers competitive returns but also positive measurable impact. It seeks to extend ESG investing beyond an "avoid harm" focus to contributing to solutions. The Melior Australian Impact Fund realises this vision of taking impact investing mainstream.

Gender Lens Approach

Melior invests in listed companies that are having a positive impact on the world. Its approach is aligned to the UN Sustainable Development Goals (SDGs), including Goal 5, which seeks to empower women and girls. Tackling gender inequality is one of Melior's key strategic advocacy themes.

Driving change through their influence on companies to do better, Melior provides investors with the opportunity to use their financial power to create change by aligning with the Six Principles for Responsible Investment. A key investment belief under this policy is that "Companies that consider social and environmental impacts as well as financial risk and return have a long-term competitive advantage."

Melior says it would like to see current diversity reporting include targets and extended to include other types of diversity such as age, disability, ethnicity, and LGBTQ+.

Gender Lens Investments

Melior established its Australian Impact Fund in July 2019 with an investment strategy to invest in Australian and New Zealand companies delivering competitive market returns and positive social and/or environmental impacts, aligned to the SDGs. The fund is one of the first Australian/New Zealand listed equities funds to apply a gender lens to its investment process.

Melior believes large ASX 300 companies can make significant contributions to addressing gender equality. It applies a GLI assessment to companies that employ more than 10,000 employees and/or more than 5,000 women. Melior says that approximately 35 companies in the ASX 300 currently meet these criteria and these companies provide about 10% of workplace participation in Australia.

Melior assesses the performance of companies' ASX 300 performance against gender-focused factors using its own proprietary gender benchmark. Some of the factors Melior considers are:

- the extent to which investee companies achieve or target gender balance (40% women, 40% men and 20% either) within executive leadership teams and at board level
- disclosure of female to male pay gap data.

Melior says large companies that score strongly across these factors are assessed as being aligned to SDG 5: Gender Equality and will then be considered by Melior for investment.

Further information: meliorim.com.au/insights


Image source: Philanthropy.org.au

Impact approach
Internal | Investments | Influence

Given the lack of standardised gender reporting across ASX 300 companies, Melior needed to build its own benchmark to gather data on women in executive leadership teams and what targets companies have in place for gender diversity.

This data is a key advocacy tool and it has partnered with Chief Executive Women and HESTA's 40:40 Vision to provide this data for the Chief Executive Women's public census report.

INTERNAL: Gender balanced team and flexible working

Melior has a gender balanced team, including a female CEO. On a full-time equivalent (FTE) basis, Melior's employees are 63% women, with >50% women represented on the investment team including a female portfolio manager. Melior says it would like to continue to improve upon its commitment to diversity and extend it to other forms of diversity. The company is pleased to have exemplified this commitment further through an appointment of a representative of a minority group to its Advisory Group. In addition, Melior has implemented flexible working arrangements and all of its employees make use of these provisions.

INVESTMENT: Gender considerations throughout the investment cycle

Melior applies gender considerations within its supply chain through dialogues with its brokers. Melior said there can be a cultural barrier between the often short-term trading focus of brokers and fund managers which are not conducive to flexible working arrangements and an inclusive culture and is often not consistent with fund managers investment philosophies.

Melior believes barriers to gender lens investing often arise due to gaps in data on gender and other social factors which contributes to a lack of understanding that gender equality can lead to company outperformance.

Notwithstanding these challenges, Melior has reported a financial return of 42.6% since inception, outperforming its ASX 300 benchmark by 19.1%. Of note, Melior's portfolio also surpassed its ASX 300 benchmark on a number of ESG key performance indicators including for women in management and board representation, among others.

INFLUENCE: Advocacy through companies and the broader ecosystem

Melior influences through:

- ***Corporate stewardship.*** Melior's approach is to encourage companies to do better and to hold companies to account through tracking company engagements in their in-house advocacy software tool. Melior supports companies to make positive progress in the right direction by providing best practice examples of companies doing gender well and sharing industry insights on why gender equality matters.
- ***Public advocacy.*** An example of Melior's public advocacy is its submission to the Review of the Workplace Gender Equality Act (November 2021). Melior's recommendations to the review included improved comparability and consistency of gender metrics data, broader considerations of diversity and the disclosure of CEO pay data to drive positive gender and diversity outcomes for Australia.

"We have a number of tools of engagement – divestment is one of them but active corporate stewardship is our key tool to create impact. Our sphere of advocacy is about 50 companies, around 30 of which we invest in and the other 20 which are large employers with which we advocate for change."

– Melior Investment Management

Case study:
Grow Corp

Empathy and empowerment to build a sustainable world

Practicing radical responsibility and ethical restraint through Grow Corp and in life

Grow Corp is an Australian non-profit initiative established by Andrew and Beth Phillips in 2015. Grow Corp's founders aim to practice “radical responsibility and ethical restraint” throughout their work and budgeting to make sure they give back as much as they can to more people through capital.

Grow Corp works across various business channels with a common focus on improving wellbeing and promoting equal opportunities in the community.

Gender Lens Approach

Grow Corp’s mission is empathy and empowerment to reduce inequality and build a sustainable world. It is, by virtue of its leadership and commitment to social change, organically skewed towards working with and supporting women. It is going beyond philanthropy and working on a sustainable model of investing to achieve financial returns and importantly, towards social equity. Grow Corp is committed to gender equality – intentionally represented by the Grow Corp logo of a 10 year old girl on a swing.

All Grow Corp grants and investments are impact focused and the organisation is working through how to completely transition to 100% impact investments and grant making to ensure there is a greater and deeper social equality dividend.

A large part of Grow Corp's grants are focused on supporting women and girls. These include:

- Farming initiatives which have quotas around race and gender as part of the selection process. Grow Corp believes their farms should be 80% women and at least 50% farmers who are from a non-caucasian background.
- Social housing for women and children with a particular focus on diversity. Grow Corp seeks women who are, for example, on humanitarian visas and therefore struggle to afford and find suitable housing and are in critical need. Most privately owned social housing does not accommodate these cohorts.
- Supporting social enterprise through donations to a number of philanthropic and other organisations.

As part of this process Grow Corp is starting to think more intentionally about measuring its impact in relation to gender outcomes and grant making.

Grow Corp's founders said the focus on gender and equity is increasing in the conversations they have with investors, partners and stakeholders. Both Andrew and Beth believe that women and other diverse individuals have equal rights and need equal representation. They continue to press their Advisers and Managers for information about their team's composition and how else they are considering diversity. While it has been difficult to obtain this information, they are committed to working with their partners to ensure it will be meaningfully considered and implemented in time.

Gender Lens Investments

For Grow Corp, 99.9% of its investments are in ready-made products even though this is currently a relatively small investment.

Grow Corp's founders noted that when they first articulated their investment philosophy in terms of having a stronger gender impact focus, the response from wealth and fund managers was cautionary, noting it was "a very narrow world". This meant seeking to invest in this way was a challenging process for Grow Corp. Grow Corp noted it continued to see a lack of or no women in the investment teams they were working with. They felt a strong discomfort with this and felt that this was not the best or most ethical way to approach investing. For Grow Corp, investments that do not consider a gender lens or other forms of diversity is something it views as a significant risk to its investments.

Impact approach
Internal | Investments | Influence

Grow Corp works across various business channels with a common focus on improving wellbeing and promoting equal opportunities in the community.

INTERNAL:

Grow Corp has a team of six with a 50:50 gender balance. Grow Corp has indicated that if the organisation was to project forward to what the team would look like in five years' time, the ratio would likely skew to women 70:30.

Grow Corp recognises that its own internal diversity is an issue, and the organisation historically keeps hiring people who "look like us". Despite a deep intention to focus on diversity across the organisation, the team often "tip-toes around" people from different cultural backgrounds, who are often in a "subordinate position" due to a deep "lack of understanding in case of crossing cultural boundaries." Grow Corp wants to bring stronger gender equity and diversity into its operations and across all facets of their work by not defaulting to their comfort zone and therefore pushing to learn more about diversity. This has started with an internal focus on looking deeply at consciousness and conversations that engage with these important topics to ensure they "do better".

INVESTMENT:

At present, women who are involved in Grow Corp's investment arm do not hold decision making roles. The majority of the investment team are men and Grow Corp has indicated it is working to address this, especially with the shortage of women with investment skills who can be recruited into these teams.

Even though there is gender parity across the Grow Corp Foundation and the family itself, Grow Corp continue to observe a deep seated invisible misogyny and sexism that exists and is not acknowledged across nearly all sectors and industries that impact their work. While it is difficult to see and experience this at times, Grow Corp are committed to working to correct this and bring its partners on the journey with the hope of creating sector wide impact.

INFLUENCE: Advocacy through companies and the broader ecosystem

Gender is always a theme within the questions Beth and Andrew ask Venture Capital companies and investment advisors. As part of their conversations with investors and even their social networks, Grow Corp leverages their passion for gender equality and diversity to ensure these important issues are confronted and that people are pushed to really examine their positions on the issue of inequality. Beth and Andrew note that whether it's in a meeting room which may be dominated by males or when considering their own personal role and power dynamics within their work as a man and woman, both co-founders have made a commitment to boldly advocate for a more level playing field and the need to include women, and particularly diverse women, whom they firmly believe significantly contribute to business performance, leadership and innovation.

"Through every element of our work, we are working hard to correct systems and structures in our society that are inequitable. We are one voice, and believe that we are amongst a growing movement of people who are wanting a more equitable society."

– Grow Corp

Case study:
Illinois Teachers Retirement System

Minority and women-owned business enterprises manage 24.7% of US$62.9bn pension fund assets.

Creating pathways for investment thorugh Emerging Manager Program

The Teachers' Retirement System of the State of Illinois (TRS) has increased to US$1bn its Emerging Manager Program (EMP), which includes Minority and Women Business Enterprises (MWBE). The EMP has enabled some of its participants to graduate from this program into the TRS main investment fund.

The TRS is the 40th largest pension fund in the United States of America (USA), with US$62.9bn in assets on 30 June 2021. TRS provides retirement, disability and survivor benefits to 427,000 members. These are teachers, and other public-school employees.

TRS seeks to reflect the diverse makeup of its members and Illinois population within its own organisation and practices.

According to the US Census data (2019), about 40% of Illinois's population reported their race as Hispanic and Latino, Black or African American, or Asian. Other minority races are represented to a lower degree.

Gender Lens Approach

Diversity considerations form part of TRS employment and investment practies. A key focus is on supporting and including minority groups and women.

In August 2021, TRS engaged a specialist consultant to support a "broader re-imagining" of its successful diversity efforts. These include better internal diversity selection measurements and driving increased diversity in investment managers across asset classes. The review will also focus on establishing better measurement and monitoring of diversity and inclusion practices within the money managers it selects and engages.

Gender Lens Investment

US$15.4bn of the TRS portfolio is managed minority and MWBE organisations. This makes 24.7% of the TRS US$62.9bn in assets as of June 2021. This proportion has increased from US$8.2bn to US$15.4bn in the past 5 years, exceeding the TRS annual aspirational goal of 20% of total assets managed by MWBE companies.

TRS has intentionally focused on building this pipeline through its Emerging Manager Program.

Emerging Manager Program (EMP)

The EMP was established in 2005 by TRS to identify and source who meet the needs of the TRS portfolio. It serves as a pathway for emerging managers to move into the TRS main fund. The EMP is not limited specifically to WMBE organisations alone. However, there are dedicated recruitment practices to encourage these minority groups to apply to the program. Currently, WMBE make up the majority of EMP participants.

Investing through diverse managers

According to a recent McKinsey & Company study, asset management has the lowest levels of representation of women among financial services in the US. In particular, the level of representation for women of colour has not increased since 2021 and has been reduced at critical points in the pipeline.

Supporting women and minority owned business through the Emerging Manager Program

TRS recognises that it needs to prime the pump in order to be able to engage MWBE within its main investment fund. The EMP is the main way in which it does this. Specific recruitment processes have been included in the selection processes that encourage and enable this targeted cohort to apply and participate.

> "We have a strong commitment to diverse and emerging managers, especially minority, women, disabled and veteran-owned firms."
>
> – Dick Ingram, Executive Director

Case study:
Black Rock

A world-leading asset manager embedding diversity, equity and inclusion considerations at every level

Diversity as a driver of a fairer society

BlackRock has made an intentional commitment to diversity, equity and inclusion (DEI) across every level of its organisation, in every geographic region in which it has a footprint. BlackRock states it is committed to helping build a better, fairer society, starting from within its own organisation by focusing on building a strong culture of inclusion and belonging, which it believes drives its purpose.

BlackRock is one of the world's leading asset managers, providing investment management, risk management and advisory services to institutional, intermediary and retail clients worldwide. In July 2021, BlackRock managed USD 9.5 trillion in assets under management (AUM).

BlackRock is present in more than 30 countries, servicing clients in more than 100 countries. Clients range from individual investors to pension funds, endowments, foundations and sovereign wealth funds, as well as companies and governments. BlackRock's purpose is "to help more and more people experience financial well-being".

Gender Lens Approach

Fair pay and representation of gender diversity in leadership are areas of focus for gender equity at BlackRock, a signatory of United Kingdom (UK) HM Treasury's Women in Finance Charter. Launched in March 2016, the Charter seeks to build a more balanced and diverse financial services industry.

BlackRock has now achieved its 2017 goal of 30% women senior leaders by 2020.[124] This goal has since been revised to 32.5% globally by 2024.[125] BlackRock considers this data an important piece of its broader commitment to "cultivating and advancing diversity in all forms", crucial to "delivering better outcomes for [its] clients". Since its inception, BlackRock has been compliant with the Workplace Gender Equality Act 2012 in Australia.

Gender Lens Investments

BlackRock has an explicit and integrated, organisation-wide approach to DEI. Considerations of gender diversity and where it intersects with other forms of DEI issues form part of this approach.

BlackRock has established a multi-year racial equity and inclusion commitment towards supporting racial equity and helping build a fairer society. The company's broader racial equity and inclusion plans anchored on three pillars:

1. Talent and culture across the globe

BlackRock focuses on building and retaining a diverse workforce through an inclusive and equitable culture.

2. Role as a fiduciary on behalf of clients

BlackRock responds to clients' needs around DEI and develops products that focus on the 'S' in 'environmental, social and governance' (ESG) matters.

3. Policies and social impact

BlackRock has dedicated policy and philanthropic initiatives focused on advancing DEI and financial security within vulnerable communities.

As stewards of its clients' investments, BlackRock provides feedback to its investee companies on material business issues, including ESG matters.

Further information: www.blackrock.com

Impact approach
Internal | Investments | Influence

BlackRock is leading the industry with transparency on diversity disclosures. This includes actively engaging its partners within its investment processes to do the same.

INTERNAL: Building a diverse workforce for success

In 2020, BlackRock was listed in first position on JUST Capital's list and number one on Refinitiv's 2020 Diversity and Inclusion Index. BlackRock believes that a diverse workforce is "indispensable" to creativity and the success needed to solve the complex issues of our times.

BlackRock's Action Plan includes goals for increasing the overall workplace representation of Black and Latinx employees by 30% in the US (from 5.6% and 6% respectively) and to double the number of US Black and Latinx senior leaders by 2024. The core of this commitment is that BlackRock "should reflect the rich diversity" of its clients.

INVESTMENT: Activating portfolio companies and supply chains

BlackRock states that "as vocal advocates for increased transparency and disclosure", it has publicly disclosed representation and other DEI efforts through its reporting to the Sustainability Accounting Standards Board (SASB) and US Equal Employment Opportunity Component 1 (EEO-1) mandatory annual data collection.

BlackRock says it provides supplementary information to these disclosures following stakeholder consultation which identified issues that were of most importance to its clients, including supply chain management.

"The process of building a more just and equitable society will not be easy or quick. Driving real change requires long-term commitment and that all of us push beyond comfortable boundaries."

– Larry Fink, Chairman and CEO

> "Boards with a diverse mix of genders, ethnicities, career experiences, and ways of thinking… are less likely to succumb to groupthink or miss new threats to a company's business model. And they are better able to identify opportunities that promote long-term growth."
>
> – Larry Fink, Chairman and CEO

INFLUENCE: Call to action

Since 2012, BlackRock CEO Larry Fink has been writing a public letter to the CEOs of companies within the BlackRock portfolio, calling on them to shore up governance and transparency. In his letter in 2021, Larry Fink highlighted his expectation that BlackRock companies "draw upon the fullest set of talent possible" and to consider the disclosure of diversity and inclusion within a broader strategy to tackle these inequities. Further, Larry Fink noted the often intersecting nature of these issues.

According to a recent study[126], companies in the BlackRock portfolio altered their disclosures aligned with the CEO letter. The study also found some evidence the BlackRock letters motivated companies to advocate for public policies.

BlackRock recently published its 2021 DEI Report, 'Working Together – Driving Accountability: 2021 Global Diversity, Equity and Inclusion Report' at: www.blackrock.com/corporate/literature/fact-sheet/dei-annual-report.pdf

Case study: HESTA

A leading Australian superannuation fund driving change for generations to come.

Championing diversity in leadership to drive greater financial returns

HESTA is an industry superannuation fund managing the retirement savings of more than 900,000 Australians who work predominantly in the health and community services sector. It has approximately A$68bn of assets under management.

Over 80% of HESTA members identify as female, which makes gender equality an important priority for its membership. Championing gender equality, diversity and fair and equal remuneration are important areas of change to help HESTA's members achieve a better retirement.

HESTA sees gender equality and diversity as an indicator of a well-run company that is more likely to deliver long-term value to shareholders, leading to better long-term financial returns for its members.

HESTA has been a key driver in an initiative known as 40:40 Vision. Its objective is to seek structural change, and by committing to the initiative, companies are required to set medium and long-term gender balance targets, conduct gender pay gap analysis and develop strategies that reduce the pay gap. Companies are also expected to have policies and practices that protect employees experiencing gender-based violence and harassment, and to advocate for structures that support fair participation of women.

From the initiative, business and investors are expected to benefit from stronger long-term performance, and Australian women will benefit from the strengthened opportunities that flow from fairer and more inclusive workplaces as well as higher super balances for their retirement.

Gender Lens Approach

HESTA has been a strong advocate for improved financial and social inclusion of at-risk communities and was one of the first super funds to develop a Financial Inclusion Action Plan (FIAP). Through its FIAP, HESTA supports the creation of a more financially inclusive society, ensuring that opportunities are extended to all HESTA members, ultimately leading to improved financial wellbeing and equity in retirement. As an organisation, HESTA fosters diversity and inclusion from within through leadership, learning and development, flexible working arrangements, and targets for improving gender equality outcomes.

HESTA CEO, Debby Blakey, is a Pay Equity Ambassador and HESTA has been named as an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency (WGEA).

Gender Lens Investments

It can be challenging to convince people that considerations of diversity are an important part of investment decisions. For HESTA however, diversity is considered a potential source of performance differential and an important factor in investment decision making.

"Organisations that ignore the dividend that diversity brings, do so at a detriment to performance." – HESTA

"Failure to address gender equality and diversity can represent a material risk for investors as well as a lost opportunity to leverage half the population's full productivity. Therefore, we expect organisations in our investment value chain (including both companies and our investment managers) to make appropriate gender disclosures including setting targets and progressing towards them." – HESTA.

HESTA exists to enhance retirement outcomes for its members and its investments reflect this too. HESTA notes that the link between retirement and wealth is gendered and that those who take time out of the workforce will be disadvantaged in retirement.

HESTA notes that women at retirement age are the fastest growing cohort of people experiencing homelessness in Australia due to compounded financial disadvantage over their lifetime, and that domestic and family violence is also a leading cause of housing insecurity in Australia. These and other similar social challenges prompted HESTA to be an early mover in social and affordable housing.

Investments of this nature which are aligned with its cohort of members' needs include: Aspire Social Impact Bond (A$1.5m), Nightingale Village (A$20m) and the Social Ventures Australia (SVA) Synergis Fund , which invests in specialised disability accommodation.

Championing diversity in leadership to drive greater financial returns

In October 2020, HESTA launched 40:40 Vision, an investor-led initiative that seeks to increase gender diversity across all levels of Australian company management. The initiative seeks to achieve gender balance of 40:40:20 – 40% identifying as women, 40% identifying as men and 20% identifying as any gender – in ASX 200 executive teams by 2030. The 40:40 Vision is supported by other major Australian investors representing over A$6tn in assets and 17 companies have committed to 40:40 to date.

Impact approach
Internal | Investments | Influence

HESTA believes that in order to deliver strong financial returns for its members' financial futures, it needs to address a broad range of responsible investment risks and opportunities, and advocate for change to address these issues as well as the broader stability of the financial system.

"We know a HESTA member is likely to stay invested with us for decades and so we invest for the long term. The decisions we make today will impact the world into which our members will retire. And because we invest members' savings over the long term, we must manage systemic risks that have the potential to influence the market fundamentals that drive investment returns. It is why we encourage action from governments, the companies we invest in and our organisation on gender diversity and inclusion."

– HESTA

INTERNAL: Prioritising gender equality and diversity

"HESTA's organisational structure looks different to other organisations – intentionally so" - HESTA

At HESTA, gender equality and diversity are prioritised in recruitment, and the Fund has adopted WGEA's position on gender pay gaps and gender equity more broadly. HESTA strategically manages workforce growth and ensures that gender equality is a priority through the recruitment and selection process. Since 2018, HESTA has improved gender balance in its investments team, growing from 33% to 43% women in 2020.

"What is driving our gender pay gap at the moment is representation, however we have a number of talent strategies to combat this." - HESTA

HESTA has endeavored to "grow our own", noting that "if you are in a system, it is your system to fix", and has therefore adopted a long-term approach that starts at universities to "grow the next generation of expertise". Its inclusive employment policies include equal access to paid parental leave and family violence leave provisions.

INVESTMENT: Investing with Purpose

HESTA achieves impact by taking an active ownership approach to the companies and supply chains in which it invests. Active ownership enables HESTA to "enhance long-term investment value for members".

> "We know as an investor in these companies that boards with a diversity of opinions at the table make better decisions and perform better over the long term. So, we're acting to protect and enhance the long-term value of our members' investments."
>
> – HESTA

"We engage with companies to raise the importance of workforce diversity and, ultimately, we might vote against Boards when we believe a company has failed to ensure it has a gender-diverse membership." - HESTA

This approach is echoed throughout HESTA's investment value chain. As part of the external manager selection process, HESTA assesses the gender composition of the teams involved in investment decision making and seeks to influence its investment managers to ensure they consider gender diversity in their recruitment and human resources processes. More recently, HESTA has engaged with companies on their approach to employee physical and mental wellbeing, which has been shown to be strongly correlated with productivity. Female dominated sectors with the highest level of casual and precarious work have been disproportionately impacted by the COVID-19 pandemic, leaving workers vulnerable to poor workplace practices and exploitation and higher levels of underemployment.

HESTA encourages companies to consider how they can provide secure and stable work arrangements which will support employee productivity and therefore, company value, leading to stronger returns and better retirement outcomes for its members.

INFLUENCE:

As an investor in some of Australia's biggest companies HESTA uses influence to push for greater diversity on boards and within senior management. In addition to 40:40 Vision, HESTA is a member of the 30% Club and wants to see at least 30% of board positions held bywomen and is putting this view strongly to companies.

HESTA is an advocate of government policies that help address systemic risks associated with a lack of equal gender representation. In 2020, HESTA provided a submission to Australia's COVID-19 Commission Advisory Board signaling a once in a generation investment opportunity to build social infrastructure and add a gender lens to recovery. HESTA recognises that social infrastructure – aged care, childcare and disability housing – is a strong opportunity for public and private co-investment that will encourage female workforce participation, a lead indicator for economic growth. Noting that as part of economic recovery efforts, public and private investors often allocate significant capital to infrastructure projects as part of job creation and economic rebuilding, HESTA wants those deciding on priorities to apply greater consideration to investment in assets that are needed in industries where women predominantly work.

Case study:
QBE

An ASX general insurance and reinsurance company, recognised as a leader in workplace inclusion

QBE offers its employees equal access to its 'Share the Care', gender-neutral flexible paid parental leave. In addition, QBE supports its active LGBTIQ+ Pride network, and in Australia and New Zealand provides access to gender affirmation leave and dedicated support for applicants seeking roles with QBE.

QBE is a general insurance and reinsurance company, listed on the Australian Securities Exchange (ASX). QBE employs more than 11,000 people in 27 countries and has more than US$29bn in assets under management in 2022.

In February 2022, QBE launched a new purpose and vision for the organisation. QBE's purpose is enabling a more resilient future and its vision is to be the most consistent and innovative risk partner.

Premiums4Good is an innovative initiative that sees QBE invest everyday premiums to make an extraordinary difference to communities across the globe. Through Premiums4Good, QBE invests its customers' premiums into investments that have additional social or environmental benefits at no extra cost to the customer. QBE's ambition is to grow impact investments to US$2bn by 2025.

Gender Lens Approach

QBE has been a supporter of the UN Women's Empowerment Principles for the past five years. In 2022, QBE was included in the Bloomberg Gender-Equality (GEI) Index for the fifth consecutive year. QBE was one of 418 companies globally leading the way to progress workplace gender equality. In 2018, QBE was one of 100 companies included in the inaugural Bloomberg Gender-Equality Index. The GEI allows investors to compare companies' commitments to gender equality across industries.

QBE was recognised in the 'Top 100 Companies for Gender Equality Globally' in Equileap's 'Gender Equality Global Report & Ranking' 2021, for positively progressing its gender equality agenda. Equileap, the leading organisation for data and insights on gender equality in the corporate sector, ranks over 3,500 public companies worldwide across 19 criteria, including gender pay gap, work-life balance and parental leave policies.

Gender Lens Investments

In 2017, QBE Insurance Group (QBE) issued gender equality bonds aimed at financing and refinancing investments in qualifying bonds that are rated based on gender equality in leadership criteria[127].

Eligibility Criteria Companies' bonds are rated based on multiple criteria of gender leadership, including:

1. The bond has been issued by a company that is a signatory to the United Nations Women's Empowerment Principles (UN WEP), a joint initiative of the UN Global Compact and UN Women, and
2. The bond has been issued by a company recognised in the current Equileap Gender Equality Global Report and Ranking.

This bond was the first of its kind. It was oversubscribed by 20 times (Source: QBE Gender Equality Bond Framework).

As a responsible investor, engagement is QBE's preferred method to affect change in companies, issuers and external fund managers. QBE believes that having meaningful dialogue is a critical component of responsibility as an asset owner. QBE adopts a targeted approach with diversity, equality and inclusion as a core focus of engagement efforts.

Further information: www.qbe.com

Impact approach
Internal | Investments | Influence

A committed and engaged organisational sponsor or champion was key to QBE's success in establishing its diversity, equity and inclusion (DEI) and gender equality initiatives.

INTERNAL:
A committed and engaged organisational sponsor or champion was key to QBE's success in establishing its DEI and gender equality initiatives.

Supporting gender diversity in leadership
Across the Group, women in leadership (the Group Executive Committee and their top three levels of management) reached 35.9% at the end of 2021, with 43% of all leader hires and 49% of leader promotions being women, demonstrating a continued focus on gender diversity in leadership representation.

QBE continues to identify pain points and develop targeted initiatives to address hiring, promotion and retention challenges related to gender and in 2020 developed a target of having 40% of women in leadership by 2025.

Supporting gender diversity through leave provisions
In March 2019, QBE became the first general insurer in Australia to adopt a gender-equal, flexible paid parental leave scheme, 'Share the Care', with the aim of making parenting, career breaks and flexible working business as usual for all employees, irrespective of gender.

Just one year later, in 2020, QBE announced that the policy resulted in a >300% uplift in male employees taking paid parental leave, with men now representing over one quarter of parents in the organisation accessing paid parental leave in Australia and New Zealand.

QBE has also made a number of broader commitments to inclusion of diversity at the organisational level, including launching a new, aspirational Global Inclusion of Diversity Policy in 2022.

"Our approach to gender equality at QBE has been built on bold actions to accelerate the representation of women in leadership positions and we've actively worked to remove the systemic barriers to women's career development. We acknowledge there's more to do and we know further success is dependent on our sustained commitment."

– Andrew Horton, CEO, QBE

Case study:
Trillium Asset Management

Pioneering values-aligned investing since 1982

Leading the development of the ESG investment field today

Trillium was one of the first investors to incorporate considerations of environment, social and governance (ESG) into its investment decisions. Trillium's holistic approach to investment was instrumental in the development of ESG approaches to investment today.

Trillium Asset Management (Trillium) was founded in 1982 by Joan Bavaria to enable clients to invest their money in alignment with their values. With US$5.6bn in AUM at 31 December 2021, Trillium offers investment strategies and services that "advance humankind towards a global sustainable economy, a just society, and a better world".

Trillium is focused exclusively on responsible investing, aligning investors' values with their objectives. Trillium offers equity, fixed income, and alternative investments with the goal to provide positive impact, long-term value, and "social dividends".

Trillium was acquired by Australian financial services company, Perpetual Asset Management in July 2020.

Gender Lens Approach

Gender equity was one of the founding principles of Trillium Asset Management which believes that diversity, inclusive of gender and race, is an essential component of sound governance and a critical attribute to a well-functioning organisation.

In response to the racial justice movement in 2020, in 2021 Trillium undertook a review of its long held racial and ethnic diversity lens. The findings of the review will inform Trillium's efforts to "access, enhance and formalise" racial and ethnic diversity considerations as part of the investment process.

Gender Lens Investments

Trillium believes that a company's commitment to implementing ESG principles create a distinct competitive advantage and builds long-term value.

Trillium applies an approach known as Total Portfolio Activation to its investments. This means it applies a framework and associated analytical tools to create social and environmental impact across asset classes in a diversified investment portfolio.[128] Trillium combines impactful investment solutions with active ownership.

Trillium CEO, Matt Patsky said that discussions about de-risking investment for diverse and minority groups needs to stop as it implies that women and people of colour are not as good.

Trillium challenges beliefs that modern portfolio theory is true arguing that if these assumptions were correct then considering non-financial factors of ESG would be wrong.

Trillium is proud of its investment performance which has demonstrated that incorporating ESG risk and mission into the process can improve returns. Trillium's ESG Global Equity Composite, which is its largest strategy, ended the year at over US$1bn in assets. This strategy is available in Australia.

Table 6. ESG Global Equity Composite Performance as at 31 December 2021

	QTR	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION (1/1/2007)
Gross of fees	8.0%	23.8%	23.8%	26.6%	19.9%	14.7%	9.6%
Net of fees	7.8%	23.0%	23.0%	25.8%	19.1%	13.9%	8.9%
MSCI ACWI NR	6.7%	18.5%	18.5%	20.4%	14.4%	11.9%	7.1%

Annualised returns for the ESG Global Equity Composite 31/12/2021. Time periods less than one year are not annualised. Composite inception is 1/1/2007 for the ESG Global Equity composite. Composite assets are US$1.091bn as of 31/12/2021.

Impact approach
Internal | Investments | Influence

Trillium seeks to "achieve diversity at all levels…from the mailroom to the board room" and to invest in companies which do the same.

INTERNAL: Living its commitment
Trillium's staff composition reflects its commitment to diversity. 20% of its staff identify as part of LGBTIQA+ community and almost 60% are women. 70% of all new hires are women and 50% are people of colour.

INVESTMENT: Impact as a driver of value
ESG performance forms part of Trillium's due diligence assessment of potential investee companies' long-term financial performance.

Trillium's selects companies that are meeting positive thresholds of performance for ESG issues, such as strong workplace practices, a demonstrated record of producing safe products for consumers, protecting the environment, fair compensation for employees and executives, and respecting and upholding human rights. It avoids investing in companies with patterns of discriminatory behaviour.

INFLUENCE: Shareholder advocacy and public policy
Trillium considers advocacy on ESG issues as fundamental to its mission and fiduciary duty. Trillium understands that investors can deploy capital and use their influence as shareholders to advance equality through diversity and inclusion – at every level of the investment process. It has a dedicated shareholder advocacy team and uses tools such as dialogue and engagement, shareholder proposals (and their withdrawal), and proxy voting.

"Discussions about de-risking investment for diverse and minority groups needs to stop as it implies that women and people of colour are not as good."

– Matt Patsky, CEO, Trillium

Trillium has a recognised history of leadership in enabling other shareholders to affect positive change. It has worked with and educated other investors about shareholder activism. Trillium claims that by engaging with other investors, it has "helped move dozens of Fortune 500 corporations to implement gender identity and expression/sexual orientation non-discrimination policies."

Trillium sees advocacy as a catalyst for positive change and shares its thought leadership through the publication of White Papers on values-based investment including issues such as: the Fight for Racial Equity; and the Impacts of COVID-19.

Trillium understands the importance of shaping the regulatory environment in which it operates and regularly engages with policy and law makers to inform their decision-making processes which enable responsible investment.

Photo Source: Trillium Asset Management at www.trilliuminvest.com

Joan Bavaria is often regarded as the "founding mother of responsible investment". A recognised pioneer of social investing, Joan used her vision and passion to help catalyse change in the capital markets. She dedicated her life to exploring and developing all means of social investing and to educating and motivating other investors.

Part 3

Roadmaps for Australian investors

How to invest to achieve gender equity, racial equity, diversity and inclusion

image source: Trevar Skillicorn Chilver

These Roadmaps are a tool for use by investors (Asset Owners, Fund Managers, Wealth Managers, Family Offices and Foundations) seeking to integrate a gender lens within their organisation and/or investment processes. They are designed to help apply a gender lens for investors either in the early or later stages of their GLI journeys. The Roadmaps provide a contextualised gender lens approach for investors who are investing in Australia or from Australia into South Asia, SEA and the Pacific.

Building on successful practice around the world, this resource outlines how Australian investors can most effectively integrate gender into their investment frameworks and decision-making processes.

The Roadmaps leverage the 3i Framework to identify how investors can integrate a gender lens approach in their: **I**nternal operations; **I**nvestment process and **I**nfluence on System.

Each investor Roadmap is informed by the findings in the accompanying Report – 'A Roadmap for Australian Investors: How to invest to achieve gender equity, racial equity, diversity and inclusion', 2022.

There are four Roadmaps that have been tailored to each investor type :

- Asset Owners
- Fund Managers
- Wealth Managers
- Family Offices and Foundations

Why should investors consider GLI?

Company performance

Companies investing in women-owned supply chains can boost their competitiveness and add additional value with access to new markets and greater diversity (and potentially lower risk).

Gender diversity at board level in publicly listed companies is correlated with an increase in net revenue and a higher return on sales and invested capital. A McKinsey & Company analysis of Latin America concluded that publicly listed companies with higher female representation yielded 44% higher returns on investment and 47% higher profit margins.[129]

Investment performance

The increasing interest and commitment towards GLI approaches has brought a growing evidence base and case studies demonstrating that there is a clear correlation between gender diversity and tangible business results and investor returns. Understanding the levers available to an organisation to deliver better gender diversity and business outcomes is at the heart of tailoring a GLI strategy that best suits a specific asset class or investor.

Not considering gender equality is a risk to investment and company performance

Failure to implement a gender diversity approach or understand when it is inadequate could heighten business or investment risk. Morgan Stanley breaks this risk down into three possible categories that cover:

- a higher risk of industry or regulatory implications such as discrimination lawsuits
- supply chain risk in relation to the exploitation or harassment of women and girls
- as an operational risk generated by poor talent retention and productivity.[130]

Overview

Outline of the Roadmaps

The Roadmaps aim to help investors consider how they can integrate a gender lens in the following ways:

- within their overarching investment strategy.
- within their due diligence processes.
- in post-investment support, review and analysis.
- by adding value to their investment processes from a financial risk and return and impact perspective.

Image source: Pat Whelen, Unsplash

How to use the Roadmaps

It is important to note that almost all of the strategies are independent of each other.

This means you can select one or more strategies that you are ready to implement and start or strengthen your journey.

Multiple strategies can also be implemented simultaneously or sequentially – the choice is yours and should suit where you are in terms of your organisation's objectives, priorities, resources and other operational factors.

Step 1	What type of investor are you? Choose the Roadmap that has been tailored to your investor type.
Step 2	Which focus area would we like to look at to start or strengthen our approach to gender? You can select one or more dimensions from the 3i Framework: • Internal: How to consider gender within your company (governance, policies, people, processes). • Investment: How to consider gender within investment processes (specific to investor type). • Influence: How we can use our influence to achieve gender equality beyond our own core work.
Step 3	What stage of our journey are we at? • We are at the start of our journey in considering gender (early). • We are looking to strengthen our approach to gender (later).
Step 4	What strategies are our company seeking to apply?

What type of investor are you?

Step 1: What type of investor are you?					
Investor Type	**ASSET OWNER**	**FUND MANAGER**	**WEALTH MANAGER**	**FAMILY OFFICE**	**PHILANTHROPY**
Step 2: Select the functional area in your company in which you want to achieve gender equality outcomes.					
1. Internal	1. People (Governance, Board, Leadership Team) 2. Policy 3. Processes (Hiring, Workforce, Planning, Marketing, Investing)	1. People (Governance, Board, Leadership Team) 2. Policy 3. Processes (Hiring, Workforce, Planning, Marketing)	1. People (Governance, Board, Leadership Team) 2. Policy 3. Processes (Hiring, Workforce, Planning, Marketing)	1. People (Governance, Board, Leadership Team) 2. Policy 3. Processes (Hiring, Workforce, Planning, Marketing)	1. People (Governance, Board, Leadership Team) 2. Policy 3. Processes (Hiring, Workforce, Planning, Marketing)
2. Investment	4. Making Direct Investments 5. Selecting Fund Managers Investing) 6. Working with Asset Consultants	4. Making Direct Investments 5. Selecting Fund Managers 6. Working with Brokers/ Advisors	4. Making Direct Investments 5. Selecting Fund Managers	4. Making Direct Investments 5. Selecting Fund Managers 6. Selecting Wealth Managers 7. Grant Making	4. Making Direct Investments 5. Selcecting Fund Managers 6. Selecting Wealth Managers 7. Grant Making
3. Influence	7. Influencing Government 8. Influencing Suppliers 9. Infuencing Members and Clients	7. Influencing Government 8. Influencing Investee Companies 9. Influencing Sector Stakeholders	6. Influencing Companies 7. Influencing Clients and Sector Stakeholders	8. Influencing Fund Managers and Wealth Managers 9. Influencing Investee Companies 10. Influencing Sector Stakeholders	8. Influencing Fund Managers and Wealth Managers 9. Influencing Grantees and Investee Companies 10. Influencing Sector Stakeholders

Applies to all investors
1. Internal

Whether you are an asset owner, fund manager, wealth manager, family office or a philanthropic organisation, while there will be differences in complexity and scale, the approach to your internal operations is broadly the same. We frame this up in terms of people, process and policy. While still in draft form and designed for the US and Canada, The CFA Institute has developed a Diversity, Equity and Inclusion code (US and Canada) which is a tool that should be leveraged for investors interested in integrating DEI within their company.

1.1 People

Step 3: Early	Step 3: Later
Political will: Ensure that the CEO and leadership have the political will and awareness of gender, race and other equity factors to commit and drive change. Must be very deliberate and intentional. **Enabling Environment:** Ensure Board, CEO and Leadership Team creates an enabling environment that speaks about, commits to, and respects the needs of people of all gender identities, race, ethnicity and other social factors. Top down commitment and accountability at all levels will ensure no one person or team holds the responsibility for 'diversity' and that it is a culture that is created and practiced deliberately. **Commitment:** Organisational Director/Leader is a signatory/ambassador to important public gender equality and racial equality commitments (e.g. Workplace Gender Equality Agency, Reconciliation Actions Plans, Chartered Financial Analyst DEI Code for Investors commitment). **Champion:** Appoint a champion in each of the key business areas to understand and report back on current diversity performance to establish a baseline from which to develop diversity strategy. **Survey:** Conduct a staff survey to understand attitudes and key gaps.	**Appointed role:** Appoint a senior or 'Head of' role that acts within and across all teams to ensure an integrated approach (not optional or an add on). **Formalise a diversity strategy** and set, report against and monitor diversity targets for the composition of Board and SLT (targets for gender, race, ethnicity, ability, LGBTQI+ and other factors as agreed to as priorities/values by the company). **Intersectional Diversity Targets:** Ensure separate diversity targets for gender and for other marginalised groups (e.g. one target for gender, one target for ethnic minority as appropriate). **Capacity strengthening:** Roll out structured diversity training and establish alignment with key pillars of the diversity strategy. **Professional development:** Ensure professional development for female staff and other team members from 'minority' groups to create a pathway to CEO roles for females in the team within 5-10 years. **DEI metrics:** Embed DEI metrics into Senior Leadership Team (SLT) KPIs supported by 360 performance process. Link to remuneration outcomes in a meaningful way.

Applies to all investors

1. Internal

1.2 Policy

Step 3: Early	Step 3: Later
Develop DEI Policy, Processes and Objectives which will underpin every policy, action and strategy of the company. **Policies and Targets:** Ensure company level DEI policies with targets are in place, including: • Pay Equity • Flexible working • Gender equitable parental leave e.g. leave for parents of all genders, removing 'primary and secondary' care titles • Gender Equality Policy • Workplace Bullying and Harassment • Superannuation policy that ensures superannuation is paid during parental leave • Anti-discrimination policies • Inclusive Leave entitlements that are flexible and acknowledge diverse needs of a diverse team. Leave entitlements should be responsive to diverse cultural/ religious, parental/carer and other needs. (e.g. allow for religious leave other than/in lieu of mandated leave during Christmas and Easter in Australia).	**Surveys:** Undertake annual (or a more frequent but regular) diversity surveys of all teams and ensure actions under the DEI policy and strategy are implemented and indicators are monitored. **Regularly review** DEI policies and amend or supplement as regulation changes or thinking evolves on best practices. **Supplier Policy:** require suppliers/contractors to address gender equality issues within their operations (e.g. complete gender equality questionnaires covering elements such as board composition, staff composition, sexual harassment and other policies and commit to/discuss a plan to address any gaps).

Applies to all investors

1. Internal

1.3 Processes

Step 3: Early	Step 3: Later
Establish inclusive hiring policies and processes: • Establish a recruitment strategy that is intentional in targeting and attracting 'applicants' from underrepresented pools to increase the diversity in applicants for roles. The CFA Institute has detailed how to attract diverse talent under the 'pipeline' section of their DEI Code Implementation Guidance. • Develop a goal for inclusive hiring with targets for gender, race, ethnicity and other factors. • Diagnose gaps by reviewing current processes to identify existing gaps against targets set. • Position description (PD) design: ensure PDs use inclusive language, have KPIs that are inclusive and avoid gender charged words, and include inclusive leave and other entitlements. • De-bias selection processes: employ recruitment practices and tools that reduce bias (e.g. blind recruitment) and ensure candidates are assessed on key indicators. • Employ candidate selection tools that reduce bias: E.g. 'skills matrix' for candidate evaluation, engage a diverse candidate selection panel • Establish an interview team/election panel that is gender diverse.	**Remuneration**: Establish transparent remuneration frameworks that all staff have access to and understand. **Establish transparent workforce planning** that all staff have access to and understand. **Marketing and Communications:** ensure marketing and communications are aligned with DEI policies and that language and images used are inclusive and demonstrate commitment to diversity and inclusion across all facets of the organisation's operations both internally and externally facing. **Establish training, programs and performance measures** that break traditional ways of working and promote the acceptance of diversity of approach e.g. mentoring, 360 reviews, and diversity training across the whole organisation with no optional actions or rubber stamping. **Consider activities to build the pipeline of diverse candidates** e.g. internships, university scholarships, professional development and mentoring.

A Roadmap for Asset Owners

image source: Roadtrip with Raj, Unsplash

Asset owners
Key findings

To inform the development of the Roadmaps, a detailed research phase was conducted with each type of investor to analyse their experiences across other GLI markets and collect data from organisations that have deployed (or are likely to deploy) capital with a 'gender lens'. The following table summarises the key findings based on data from in-depth interviews and surveys with investors in the global GLI field and outlines the current practices for considering gender equity and other forms of diversity and inclusion for **Asset Owners** in Australia:

Internal	Investment	Influence
Typically formal diversity and inclusion rather than gender-specific policies exist for internal operations and often extend to composition of the board, Senior Leadership team (SLT) or Investment Committee (IC). While for some, targets are not always there nor policies reflected in practice, however some are doing well in this respect.	Most asset owners still see gender through the lens of a broader ESG approach when it comes to investment. Typically fund managers will be required to answer questions about the diversity of their teams and be encouraged over time to consider diversity where it is lacking. Historical performance of a fund manager is still the overriding factor for most in manager selection. In terms of direct investment this was seen as more challenging. Notwithstanding, QBE was the issuer of one of the first gender bonds and HESTA an investor in social and affordable housing.	A number of asset owners are actively engaged in trying to influence gender outcomes at the systems level as described by HESTA in its 40:40 Vision. This also tends to occur through direct voting and shareholder advocacy.

Asset owners
Roadmap

The following Roadmap is for **Asset Owners**. It will guide you in considering how you can start or strengthen your approach to achieving gender equity, racial equity, diversity and inclusion outcomes in the following ways:

- within your overarching investment strategy
- within your due diligence processes.
- in post-investment support, review and analysis
- by adding value to your investment processes from a financial risk and return and impact perspective.

Image source: Simon Seregi, Unsplash

Asset owners

How to use the Roadmaps

It is important to note that almost all of the strategies are independent of each other.

This means you can select one or more strategies that you are ready to implement and start or strengthen your journey.

Multiple strategies can also be implemented simultaneously or sequentially – the choice is yours and should suit where you are in terms of your organisation's objectives, priorities, resources and other operational factors.

Step 1	What type of investor are we? **ASSET OWNER**
Step 2	Which focus area would we like to look at to start or strengthen our approach to gender? You can select one or more dimensions from the 3i Framework: • **Internal**: How to consider gender internally (governance, policies, people, processes). • **Investment**: How to consider gender within investment processes (specific to investor type). • **Influence**: How we can use our influence to achieve gender equality beyond our own core work.
Step 3	What stage of our journey are we at? • We are at the start of our journey in considering gender (early). • We are looking to strengthen our approach to gender (later).
Step 4	What strategies are your company seeking to apply?

Asset owners

Roadmap outline

1. Internal	2. Investment	3. Influence
People (Governance, Board, Leadership Team)	Making Direct Investments	Influencing Government
Policy	Selecting Fund Managers	Influencing Suppliers
Processes (Hiring, Workforce Planning, Marketing)	Working with Asset Consultants	Influencing Members and Clients

Asset owners: investment processes

Making direct investments

People

Step 3: Early	Step 3: Later
Targets for investment teams: Set targets for Investment team and investment committee composition to align with 40/40/20 initiative. **Champions of change:** Identify an internal senior champion within the investment team and give them accountability.	**Appoint a department head:** Hire a Head of Impact/ESG who has responsibility for formally embedding all impact-related issues into the investment process including diversity. **Capacity Strengthening:** Build diversity skills and expertise across the investment team both through training and recruitment/outsourcing as required.

Policy

Step 3: Early	Step 3: Later
Gender equity and racial equity voting policy: Design and implement a gender (and race) voting policy (e.g. all ASX 200 companies to have at least X% female and Y% diverse members on their Board or commit to vote the most senior male out next voting round. **Direct investment evaluation:** Review current direct investment holdings within the portfolio and assess performance against diversity metrics by industry and asset class. **Investment policy:** Develop an investment policy that includes a statement on your website and an investment philosophy about how gender and racial equity will be addressed with targets and timeframes (similar to climate and modern slavery statements).	**Measure, manage and evaluate** the success of the diversity strategy e.g. for ASX 200 company boards the bar may have moved and expectations need to be lifted. **Portfolio diversity:** Consider mechanisms to build greater diversity outcomes into portfolios E.g. co-investment with diverse teams or in investment/sectors specifically targeting diversity outcomes.

Asset owners: investment processes

Making direct investments

Process

Step 3: Early

Gap identification: Design and implement processes to identify gender and racial equity gaps in different asset classes, sectors and geographies to inform how investments can address/improve/avoid worsening gaps: "What is the gap we see? How is the company seeking to meet that gap? If we invest how?"

Benchmarks: include gender, race and other impacts at an equal/other weight as other performance benchmarks.

Portfolio company requests: Request portfolio companies to complete questionnaires/surveys on gender, race and ethnicity (E.g. any Board, SLT and team composition targets and how they select suppliers/ manage supply chains).

Portfolio management: Look beyond the company level and take a systems approach to how gender and racial equity can be considered.

Step 3: Later

Impact Management Frameworks: Design and embed an Impact Management Framework for private market investments.

Technical advisory: Provide technical support (either direct or via external consultant) to work with portfolio companies to achieve gender, race, ethnicity targets.

Image source: Artem Kniaz , Unsplash

Asset owners: investment processes

Selecting fund managers (FMs)

People

Step 3: Early	Step 3: Later
FM Composition: • **Disclosure:** Request FMs to produce and disclose gender, race and ethnicity composition in request for proposals (RFPs) and in investment management agreements (IMAs). • **Targets:** Request FMs to commit to gender/diversity targets and management plans in RFPs and support them where possible to achieve these. • **Report on outcomes:** Request FMs to report not only on policies that they have, but the results/ outcomes of the policies. • **Succession planning disclosure:** Request FMs to disclose what teams are doing about attracting and retaining diverse talent and succession planning both in their company, and in to the sector. Note: For all of the above, conversations, guidance and support should be provided rather than immediately mandating requirements.	**Emerging Managers Fund:** Consider establishing an Emerging Managers Fund (as Illinois Teachers Pension Fund have done) to enable more diverse fund managers to break into the market. **Innovative indicators:** Consider using mechanisms other than track record to assess first time fund managers.

Asset owners: investment processes
Selecting fund managers

Policy

Step 3: Early	Step 3: Later
Communication: Establish a policy to communicate annually your commitment to gender and racial equity to FMs and other stakeholders (similar to how Black Rock does this around climate and more recently around racial equity). **Scorecard:** Develop or utilise an external scorecard/framework to screen in/out or evaluate FMs on their commitment and achievements against gender and racial equity objectives.	**Performance policy:** Establish a policy (bound by the constraints of FM performance and asset allocation) that includes the option to change FMs or reduce investment with a FM over time if they do not achieve intended commitments to agreed team composition targets. **Investment Management Agreement (IMA):** The above could also be included in the IMA.

Process

Step 3: Early	Step 3: Later
Monitor and Evaluate: Develop a due diligence process or leverage a scorecard to evaluate any FM across any asset class, sector and/or geography on how they are implementing ESG factors across their investment process and decision making, specifically articulating gender and race considerations. **Technical Advisory:** Provide support to FMs (E.g. ongoing conversations or more formal technical advisory either through a partner organisation or developing internal capacity) to develop pathways to achieve improved gender and racial equity outcomes through investment processes and in their team composition.	**Annual review:** Conduct an annual review of FMs against scorecard/due-diligence and communicate the findings to them (including potential performance vs peers). **Publish data:** Encourage FMs to publish diversity data on how they address gender and racial equity and other diversity factors in investment processes. **Evaluation:** Perform annual and longitudinal evaluation of FMs performance based on diversity factors in FM team composition and processes. **Gender as risk mitigation:** Adopt the same risk approach to gender and diversity as is done for climate. **Invest:** Invest in social infrastructure and other initiatives that address gender inequities that align growth objectives and potential with climate investments.

Image source: Manny Becerra , Unsplash

Working with asset consultants

People

Step 3: Early	Step 3: Later
Targets: Set out diversity expectations and targets around FM selection within an overlay of fiduciary and asset class constraints. **Diverse composition:** Request detailed data on FMs currently selected including gender, race and ethnicity composition. **Organisational structures:** Set out diversity expectations around the asset consultants own organisational structures.	**Emerging Managers Fund:** Consider working with the asset consultant to establish an Emerging Managers Fund to enable more diverse fund managers to break into the market. (This could also be tailored to specific asset classes such as private equity in which diversity is particularly an issue). **Assessing first time fund managers:** Consider working with the asset consultant to use mechanisms other than track record to assess first time fund managers with diversity.

Policy

Step 3: Early	Step 3: Later
Gender and Racial Equity Policy: Establish a policy to communicate your commitment to gender and racial equity with particular emphasis on suppliers (such as asset consultants and fund managers) as part of the investment process.	**Policy on omposition targets:** Establish a policy (bound by the constraints of FM performance and asset allocation) that includes the option to change asset consultant and/or their recommended FMs or reduce investment with a FM over time if they do not achieve intended commitments to agreed team composition diversity targets.

Working with asset consultants

Process

Step 3: Early	Step 3: Later
Annual reporting framework: Establish an annual reporting framework with your asset consultant, benchmarked to industry averages to evaluate how their recommended FMs across any asset class, sector and geography are: • implementing ESG factors within the investment process and decision making, specifically articulating gender and race considerations • factoring diversity into their own investment teams.	**Contractual requirement:** Key aspects of gender and race related policies should be embedded into contracts with the asset consultant or FM where possible. **Annual reporting mechanism:** Establish an annual reporting mechanism to consider performance of asset consultants recommended FMs alongside their teams' diversity characteristics. **Publish data on manager selection:** Encourage asset consultants to publish data on how they address diversity in the manager selection process.

Image source: Jesse Hammer , Unsplash

Asset owners: influence

Government, investees, members and clients

3.1 Asset Owners – Influencing Government

Step 3: Early	Step 3: Later
Executive level targets: Commit to the 40:40 Vision to ensure diversity at executive level of ASX 200 companies. **Design level diversity:** Collaborate with key industry partners to advocate for structured consideration of social and other factors that impact on diversity (such as race, ethnicity, ability and more) at both the executive level, throughout the company and in the design of products and services. **Data based policy change:** Leverage data from initiatives such as the 40:40 Vision to advocate for key government policy changes including that companies both report and consider diversity factors.	**Diversity reporting:** Advocate for **mandated** diversity reporting (gender, race, ethnicity etc) for ASX 300 companies. **Publish performance research:** Publish research on performance of diverse fund managers versus the broader fund manager universe (as data becomes available). **Co-investment:** Consider co-investment with government projects that promote diversity outcomes. **Bond issues:** Support government social or sustainability bond issues that promote diversity and gender equality outcomes.

3.2 Asset Owners – Influencing Investees

Step 3: Early	Step 3: Later
Board and senior management: Use influence and shareholding to advocate for greater diversity among investee company boards and senior management. **Disclosure:** Write to companies requesting disclosure of gender, race and ethnicity composition and approach to addressing gaps.	**Diversity level requirement:** Divest from companies that do not meet diversity levels after consultation and 'reasonable' time period. **Capacity building:** In the case of private markets consider technical assistance to help build capacity of investees.

Asset owners: influence

Government, investees, members and clients

3.3 Asset Owners – Influencing Members and Clients

Step 3: Early	Step 3: Later
Education programs: Develop programs for members on relevant issues (e.g. women in retirement and women in super). **Policy outcomes:** Deliberate intention to enhance policy outcomes for female members e.g. those who take time out of the workforce will be disadvantaged in retirement outcomes. A focus on pay gaps, retirement and wealth is critical to this step as all of these are gendered.	**Support member gender equality outcomes:** Invest in products or instruments that support member gender equality outcomes without compromising return e.g. affordable housing property investment in areas located close to members' workplaces.

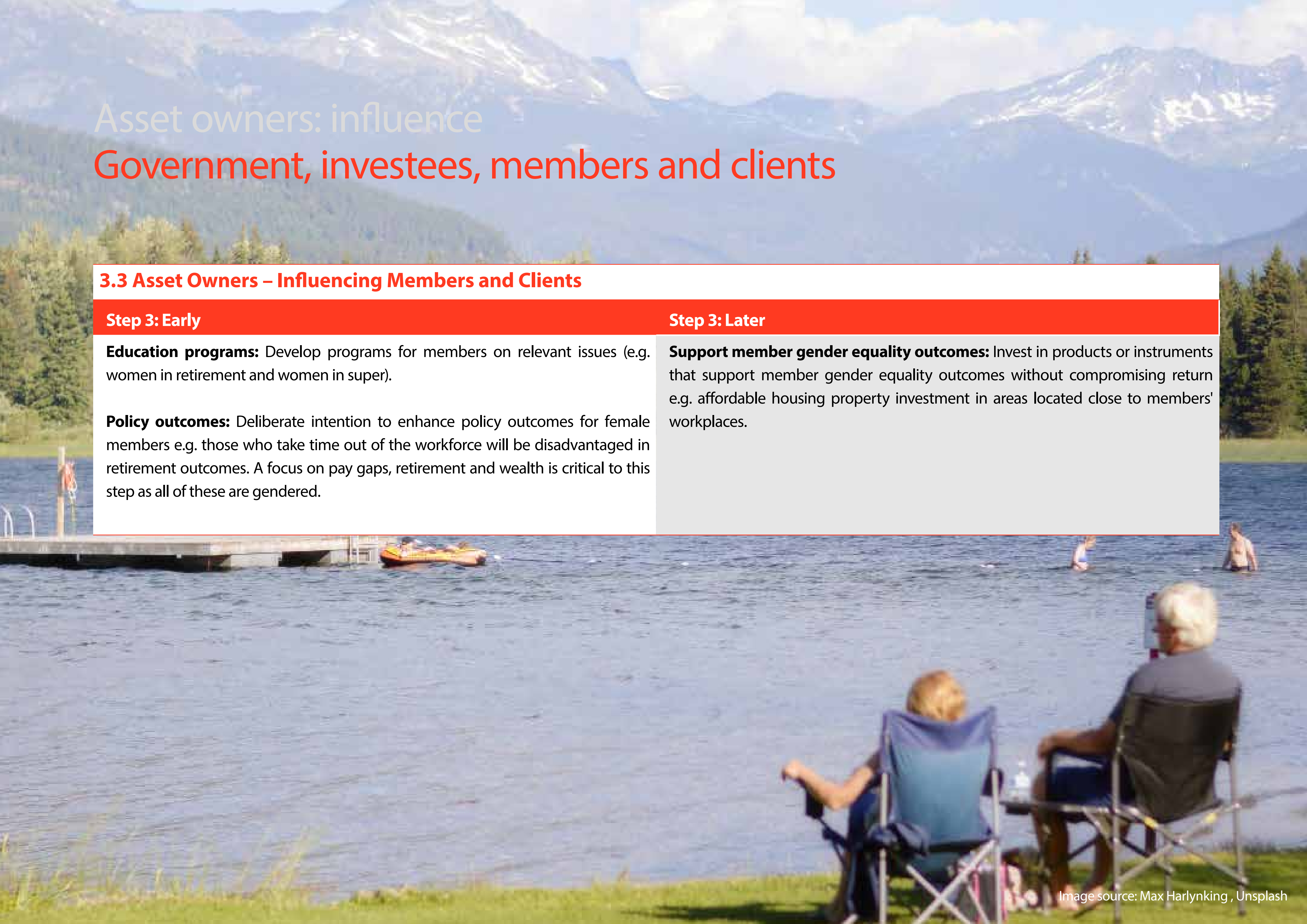


Image source: Max Harlynking , Unsplash

A Roadmap for Fund Managers

Image source: Tim Patch , Unsplash

Fund managers

Key findings

Our findings from interviews and surveys highlight the following key themes framing the current practices for considering gender equity and other forms of diversity and inclusion for **Fund Managers** in Australia.

Internal	Investment	Influence
The formality of the diversity and inclusion policy will typically vary with the size of the fund manager. Gender-specific objectives do often exist for internal operations and often extend to composition of the board, Senior Leadership team (SLT) or Investment Committee (IC). Practices and policies are evolving. Pendal Group for example has a suite of initiatives including outsourced diversity training, return to work for women programs, and active diversity recruitment across all levels of the company.	It was observed that there was limited demand for gender-focused products from institutional clients. Demand (where it existed) was seen as coming from family offices or high net work individuals. In public market equities, Melior was the only manager we spoke to (and are aware of) that applies a specific gender lens in the investment process (see case study for further details). In private markets, it is a consideration for a number of managers but more as a screen out (if completely misaligned) than a screen in. Brightlight, with assistance from the Criterion Institute, has recently developed an investment philosophy incorporating a gender approach. We would expect to see this reflected as the group continues to roll out products.	Public market investors tended to use shareholder voting and alignment with initiatives such as the 40:40 Vision as key tools for influence.

Fund managers
Roadmap

The following Roadmap is for **Fund Managers**. It will guide you in considering how you can start or strengthen your approach to achieving gender equity, racial equity, diversity and inclusion outcomes in the following ways:

- within your overarching investment strategy
- within your due diligence processes
- in post-investment support, review and analysis
- by adding value to your investment processes from a financial risk and return and impact perspective.


image source: Wesley Tingey, Unsplash

Fund managers
How to use the Roadmap

It is important to note that almost all of the strategies are independent of each other.

This means you can select one or more strategies that you are ready to implement and start or strengthen your journey.

Multiple strategies can also be implemented simultaneously or sequentially – the choice is yours and should suit where you are in terms of your organisation's objectives, priorities, resources and other operational factors.

Step 1	What type of investor are we? **FUND MANAGER**
Step 2	Which focus area would we like to look at to start or strengthen our approach to gender? You can select one or more dimensions from the 3i Framework: • Internal: How to consider gender within our company (governance, policies, people, processes) • Investment: How to consider gender within investment processes (specific to investor type) • Influence: How we can use our influence to achieve gender equality beyond our own core work
Step 3	What stage of our journey are we at? • We are at the start of our journey in considering gender (early). • We are looking to strengthen our approach to gender (later).
Step 4	What strategies are our company seeking to apply?

Fund managers

Roadmap outline

The key guidance here is that you can start with any one of these strategies.

1. Internal	2. Investment	3. Influence
People (Governance, Board, Leadership Team)	Making Direct Investments	Influencing Government
Policy	Selecting Fund Managers	Influencing Companies
Processes (Hiring, Workforce Planning, Marketing)	Working with Brokers/Advisors	Influencing Clients and other sector stakeholders

Making direct investments

People

Step 3: Early	Step 3: Later
Expertise: Ensure Investment Committee and investment leadership team have expertise about and commitment to gender and racial equity. **Listed equities:** • **Alignment with diversity goals:** Consider potential investee companies' alignment with one or more diversity goals. In terms of SDG5 – look at female leaders, Chairs, CEOs and members of SLT (e.g. Bain's "methodology" is looking at websites of executive leadership teams and leveraging WGEA data for Australian companies). • **Targets:** Consider companies that supply products to a target % of women. • **Gender composition:** Consider companies that have a certain % of women employees (Board, SLT, wider company) with absolute targets within specified timeframe e.g. Melior is a HESTA 40/40 Vision supporting partner. They have set six absolute targets that they want companies to achieve by 2026: a) Gender 40/40 and pay gap reduction targets. b) Climate Goal c) All companies to have a RAP and d) Self-identified Director from a minority. • **Scorecard:** Develop/utilise a gender & racial equality scorecard/screen. **Unlisted equities:** **Advisor experience:** Ensure internal teams have people/advisors with lived experience to advise on the GLI approach. • **Team composition:** Ensure internal teams are diverse in composition in terms of gender, race and other factors	**Dedicated role:** Hire a Head of Impact/ESG who has responsibility for formally embedding all impact-related issues into the investment process including diversity. **Training:** Build diversity skills and expertise across the investment team both through training and recruitment/outsourcing as required.

Making direct investments

Policy

Step 3: Early	Step 3: Later
Investment philosophy: develop one that includes a statement on your website about how gender and racial equity will be addressed (similar to climate and modern slavery statements). **Policy language:** Ensure policies do not use wording such as 'de-risking' when it considers investments related to gender equity and racial equity. This terminology implies that such investments are 'high-risk' by virtue of their focus or theme, which is not the case.	**Evolve investment philosophy:** As experience with GLI grows, the extent to which this is embedded and 'normalised' in the investment process should be reflected in both the investment philosophy and mandate.

Fund managers: investment process
Making direct investments

Process

Step 3: Early	Step 3: Later
Framework: Develop framework/tool to identify gender and racial equity consideration by sector, market, asset class and product (E.g. property development). Assess how product / sector considers gender in terms of: • women in leadership • supply chain • ownership of company • product that services women (e.g. disability housing). Use the IMP framework to evaluate investments (suggested). **Technical Assistance (TA):** Engage a TA provider (via TA company or internal resource) to work with you on how to implement gender and racial equity measures against targets pre and post investment. **Internal resource:** Appoint an internal resource with expertise around gender and racial equity (or engage experts/consultants) to work with investment teams (suggested). **Public commitment:** Commit to gender and other social equity including a statement on website.	**Develop products**: Gender or blended gender x impact (environment). **Create a 'Gender Fund':** to invest in business models that improve gender equality including: • A theory of change (TOC) for gender and an overlay for ESG approach • For each investment, evaluate if impact is aligned with ToC for the Gender Fund • Investment Memorandum (IM) with gender impact due diligence • Impact reporting as part of the IM and in place post investment. **Public Reporting:** Report commitment to gender and other social equity through an annual impact report with the 3i Framework. **Gender Theory of Change:** For investments in private markets (products may constrain this to regional or global currently), develop a gender ToC and require compliance with at least one of the below thresholds: • all companies must meet requirement for quality jobs for women and minimum safety requirements, and policies that prevent sexual harassment • empower women in the workplace – companies that employ a significant number of women • products or services that meet the needs of women or fill a gap in access to product or services • women in the supply chain as employees/producers e.g. farmers.

Fund managers: investment process
Selecting fund managers

People

Step 3: Early	Step 3: Later
FM Team Composition • Have conversations with FMs about where they consider and how they measure gender and racial equity in decision making e.g. at the PM, IC and Governance levels. • Require FMs to disclose gender, race and ethnicity composition in RFPs. • Require FMs to commit to gender targets and management plans in RFPs and support them where possible to achieve these. • Request FMs to have gender based disclosures in IMAs. • Request FMs to report not only on policies that they have, but the results / outcomes of the policies. • Request FMs to disclose what their teams are doing about succession planning and attracting talent into the industry. Note: For all of the above, conversations, guidance and support should be provided rather than immediately mandating requirements.	**Technical assistance facility:** Consider establishing a technical assistance facility particularly in private markets and for gender-specific products to build talent. **First time fund managers:** Consider using mechanisms other than track record to assess first time fund managers who are either diverse or targeting gender or diversity outcomes.

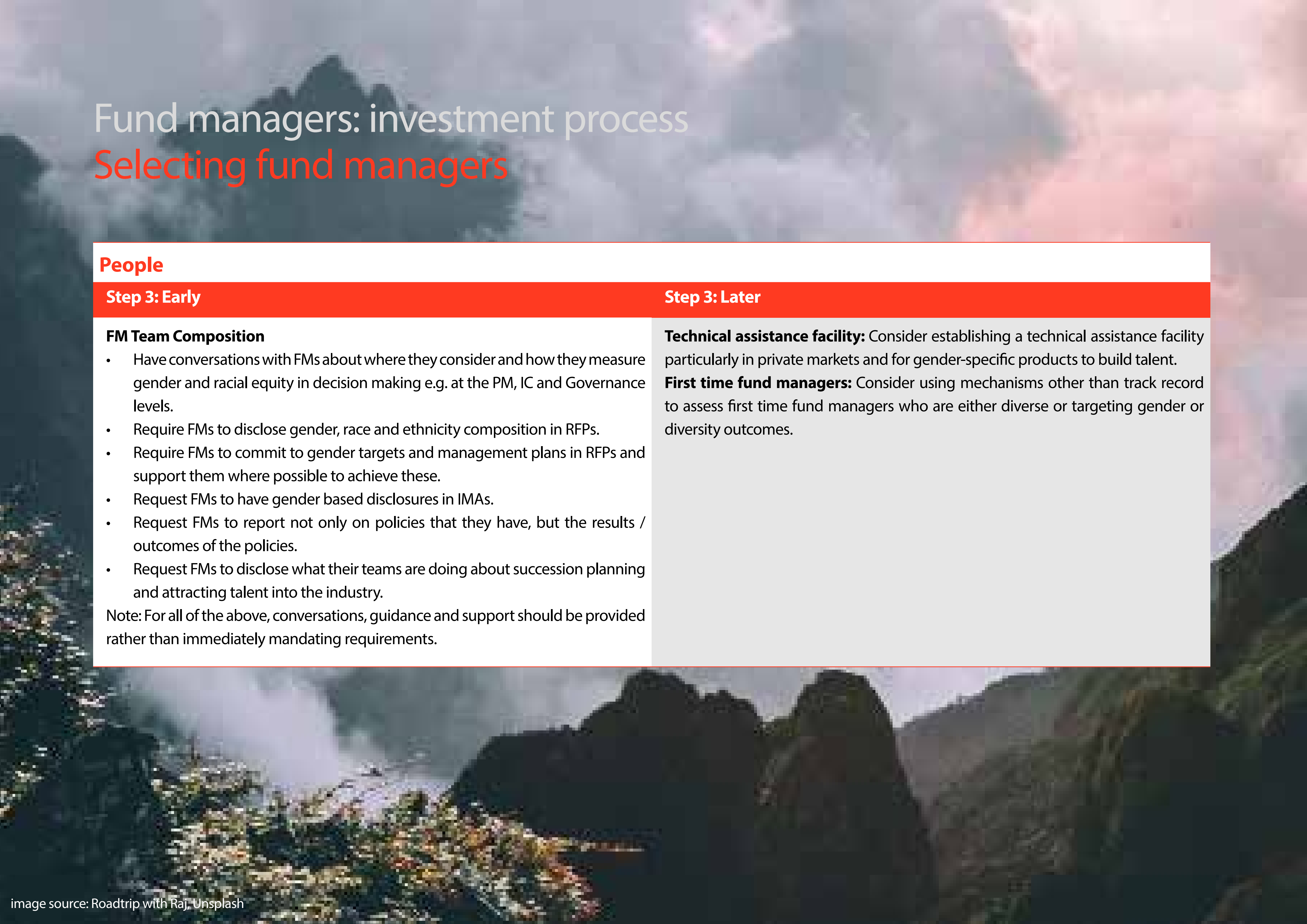


image source: Roadtrip with Raj, Unsplash

Selecting fund managers

Policy

Step 3: Early	Step 3: Later
Annual policy: Establish a policy to communicate annually your commitment to gender and racial equity to FMs and other stakeholders. **Scorecard:** Develop or utilise an external scorecard/framework to screen in/out or evaluate FMs on their commitment and achievements against gender and racial equity objectives.	**Policy for performance:** Establish a policy (bound by the constraints of FM performance and asset allocation) that includes the option to change FMs or reduce investment with a FM over time if they do not achieve commitments to agreed composition targets. The above could also be included in the Investment Management Agreement.

Process

Step 3: Early	Step 3: Later
Due diligence: Develop a due diligence process or leverage a scorecard to evaluate any FM across any asset class, sector and/or geographies on how they are implementing ESG factors across the investment process and decision making, specifically articulating gender and race considerations e.g. a listed equity FM's evaluation of how they have implemented ESG over past 12 months. **Support for FMs:** Provide support to FMs (E.g. ongoing conversations or more formal Technical Assistance (TA)) either through a partner organisation or developing internal capacity to develop pathways to achieve improved gender and race outcomes through investment processes and in their team composition.	**Annual review:** Conduct an annual review of FM against scorecard/due-diligence and communicate findings to FMs. **Publish data:** Encourage FMs to publish diversity data on how they address it in investment processes. **Annual evaluation:** Perform annual and longitudinal evaluation of FM performance based on diversity factors in FM team composition. **Gender targets:** Award higher carry to FM if the gender and racial equity targets are met.

Fund managers: investment process

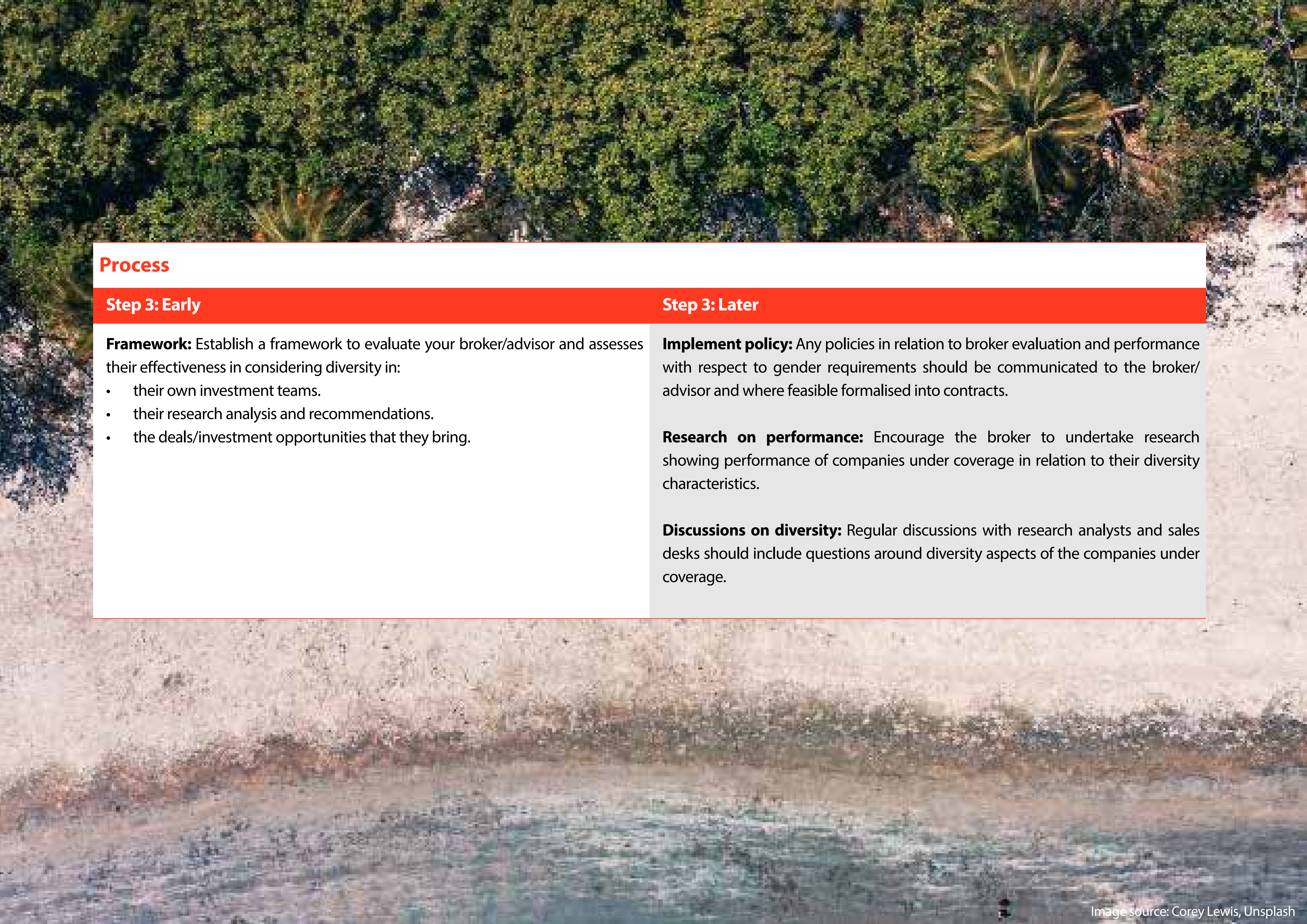
Working with brokers and advisors

People

Step 3: Early	Step 3: Later
Engage brokers: Start having conversations with brokers about gender and racial equity. **Diversity targets:** Set out with brokers and advisors your diversity expectations and targets for investee companies. **Request detailed data:** including gender, race and ethnicity composition for any deal offered or company recommendation (listed). **Diversity expectations:** set out expectations around brokers and advisors' own organisational structures.	**Broker/advisor commitment:** Consider not working with a broker or advisor who does not show the necessary commitment to DEI objectives (i.e. if no change is observable over time). **Dedicated role:** Suggest broker appoints a Head of ESG who could support dedicated research effort and corporate advice functions.

Policy

Step 3: Early	Step 3: Later
Policy: Establish a policy to communicate your commitment to gender and racial equity with particular emphasis on suppliers (such as brokers and advisors) as part of the investment process.	**Policy:** Establish a policy (bound by the constraints of deal flow and effective execution) that restricts use of or caps payments to brokers and advisors if they do not achieve intended commitments to agreed composition targets over time. **Diversity requirements:** Reject deal flow from advisors that do not meet diversity requirements (subject to fiduciary duty considerations).



Process

Step 3: Early	Step 3: Later
Framework: Establish a framework to evaluate your broker/advisor and assesses their effectiveness in considering diversity in: • their own investment teams. • their research analysis and recommendations. • the deals/investment opportunities that they bring.	**Implement policy:** Any policies in relation to broker evaluation and performance with respect to gender requirements should be communicated to the broker/advisor and where feasible formalised into contracts. **Research on performance:** Encourage the broker to undertake research showing performance of companies under coverage in relation to their diversity characteristics. **Discussions on diversity:** Regular discussions with research analysts and sales desks should include questions around diversity aspects of the companies under coverage.

Image source: Corey Lewis, Unsplash

Fund managers
Influence

3.4 Fund Managers – Influencing Government

Step 3: Early	Step 3: Later
Public commitment: Commit to the 40:40 Vision to ensure diversity at executive level of ASX 200 companies. **Collaborative advocacy:** Collaborate with key industry partners (e.g. asset Owners) to advocate for structured consideration of social or other factors that impact on diversity (such as race, ethnicity, ability and more) at both the executive level, across the company and in the design of products and services. **Data based policy change:** Leverage data from initiatives such as the 40:40 Vision to advocate for key government policy changes including that companies both report and consider diversity factors.	**Diversity reporting:** Advocate for mandated diversity reporting (gender, race, ethnicity etc) for ASX 300 companies. **Research:** publish research on performance of diverse public companies versus the broader universe (as data becomes available). **Co-investment:** Consider co-investment with government projects that promote diversity outcomes. **Products to support DEI:** Create products that support DEI and participate in government social or sustainability bond issues that promote these outcomes. **Other industry players:** convene them to bring 'weight of AUM' around key gender issues e.g. Trillium and women's reproductive health.

3.5 Fund Managers – Influencing Investees

Step 3: Early	Step 3: Later
Influence and shareholding: use influence and shareholding to advocate for greater diversity among investee company boards and senior management. **Request disclosure:** write to companies requesting disclosure of gender, race and ethnicity composition and approach to addressing gaps.	**Diversity requirements:** Divest from companies that do not meet diversity levels (after "reasonable" consultation) or blatantly breach minimum acceptable levels of gender practices (e.g. gender-based harassment or pay gaps). **Build capacity:** In the case of private markets, support technical assistance to help build the capacity of investees. **External companies:** Work with companies outside of investees to improve focus and actions around gender issues.

Fund managers
Influence

3.6 Fund Managers – Influencing Sector Stakeholders

Step 3: Early	Step 3: Later
Education programs: target female clients with education programs to help them better understand financial products and jargon (as needed). **Buying power:** consider supply side initiatives around brokers and advisors as described above to use buying power to change behaviours. **Women in finance:** Promote and market the benefits of a career in finance for women and demystify the notion of the finance 'black box' in schools and universities. **Attend 'Gender Smart' conferences:** speak at conferences or be one of a growing number of men in the room advocating for broader diversity and inclusion.	**Increase trust:** Design a campaign to demonstrate the trustworthiness of the financial services sector (objective to attract more women (Edelman survey). Ensure policies and processes are in place (or are in the process of being in place). **Promote key issues:** Consider developing a product range that promotes gender as a primary objective alongside other highlighted issues such as climate. Target the younger generation of clients where demand, at least initially, may be stronger. **Sponsorship:** Sponsor diversity and inclusion conferences and "be the example" that competitors aspire to for diversity and better performance outcomes.

A Roadmap for Wealth Managers

image source: Paris Speak, Unsplash

Wealth managers

Key findings

Our findings from interviews and surveys highlight the following key themes framing the current practices for considering gender equity and other forms of diversity and inclusion for **Wealth Managers** in Australia.

Internal	Investment	Influence
Historically, this has been a challenging part of the financial services sector when it comes to diversity and inclusion particularly at the advisor level. There is evidence that concerted efforts are being made to move the dial. Koda Capital and Crestone for example have both established diversity committees to bring focus to the issue. Practices and policies for some wealth managers are recognising the needs of female staff through flexible working hours, equal pay, mentoring and professional development.	For the most part, a gender focus was not embedded in the investment process of any of the wealth managers with observations that demand for this from clients was limited.	The relatively limited client demand for gender products means influence needs to be advisor driven when opportunities for client education or specific requests arise.

Wealth managers
Roadmap

The following Roadmap is for **Wealth Managers**. It will guide you in considering how you can start or strengthen your approach to achieving gender equity, racial equity, diversity and inclusion outcomes in the following ways:

- within your overarching investment strategy
- within your due diligence processes
- In post-investment support, review and analysis
- by adding value to your investment processes from a financial risk and return and impact perspective.

image source: Wesley Tingey, Unsplash

Wealth managers

How to use the Roadmap

It is important to note that almost all of the strategies are independent of each other.

This means you can select one or more strategies that you are ready to implement and start or strengthen your journey.

Multiple strategies can also be implemented simultaneously or sequentially – the choice is yours and should suit where you are in terms of your organisation's objectives, priorities, resources and other operational factors.

Step 1	What type of investor are we? **WEALTH MANAGER**
Step 2	Which focus area would we like to look at to start or strengthen our approach to gender? You can select one or more dimensions from the 3i Framework: • **Internal**: How to consider gender internally (governance, policies, people, processes) • **Investment**: How to consider gender within investment processes (specific to investor type) • **Influence**: How we can use our influence to achieve gender equality beyond our own core work
Step 3	What stage of our journey are we at? • We are at the start of our journey in considering gender (early). • We are looking to strengthen our approach to gender (later).
Step 4	What strategies are our company seeking to apply?

Wealth managers
Roadmap outline

The key guidance here is that you can start with any one of these strategies.

1. Internal	2. Investment	3. Influence
People (Governance, Board, Leadership Team)	Making Direct Investments	Influencing Companies
Policy	Selecting Fund Managers	Influencing Clients and other Sector Stakeholders
Processes (Hiring, Workforce Planning, Marketing)		

Making direct investments

People

Step 1: Early	Step 1: Later
Promote the business case: Educate advisors on the benefits of diversity on performance outcomes for companies. Provide a strong business case. **Education:** Engage clients through presentations and directed materials to enable education and learning opportunities. **Discuss benefits of diversity:** If the direct investment is made on behalf of your client, as appropriate, discuss with them the benefits of diversity and advise them of any deficits in the particular investment in this respect. **Research approach:** Initiate a process of educating the research team around mechanisms for embedding gender considerations into research analysis and, as appropriate, recommendations. **Investment committee buy-in:** If the direct investment is made in relation to a recommended or model portfolio then the construction of that portfolio first needs buy-in from the investment committee along with a commitment to gender and racial equity.	**Dedicated role:** Hire a Head of Impact/ESG who has responsibility for formally embedding all impact-related issues into the investment process including diversity. **Training:** Build diversity skills and expertise across the investment team both through training and recruitment/outsourcing as required (Koda and Crestone both make impact portfolio recommendations with due diligence from Australian impact investments on a similar basis).

Wealth managers: investment process

Making direct investments

Policy

Step 3: Early	Step 3: Later
Investment Philosophy: develop one that includes a statement on website and about how gender and racial equity will be addressed (similar to climate statement). **Principles of responsible investment:** Become a signatory to the UN Principles of Responsible Investment. **Voting policy:** Design and implement a recommended gender (and race) voting policy for distribution to clients (e.g. voting to ensure all ASX 200 companies have at least X% female and Y% diverse members on their Board).	**Review Investment Philosophy:** review philosophy on an annual basis and amend in line with DEI progress as required. **Scoring system:** Implement a scoring system that enables clients to dial up the gender considerations in their portfolio.

Making direct investments

Process

Step 1: Early	Step 1: Later
"Model Portfolio" of listed equities: Backtest in the first instance to understand the impact of the gender overlay. **Scorecard:** Develop/utilise a gender and racial equity scorecard/screen (Melior - developed their own). **Framework:** Develop a framework/tool to identify gender and racial equity considerations for the company in relation to the sector in which it operates looking at: women in leadership; supply chain; ownership of company, and products that service women (e.g. disability housing). **Evaluate investments:** Use the IMP framework to evaluate investments (suggested). **Public commitment:** commit to gender and other dimensions of social equity including a statement on the company website.	**"Model Portfolio" of listed equities:** Create model portfolios informed by early testing rollout to client. **Measurement:** Develop a more sophisticated diversity measurement tool that considers targets by asset class and sectors. **Diversity screen:** Screen out companies that do not align with one or more of the diversity goals. In terms of SDG – looking at female leaders Chairs, CEOs and members of SLT. **Consider other products:** that may be suitable for portfolios that have diversity characteristics such as social or sustainability bonds. **Equity research:** Embedded in the equity research process questions on gender, race and ethnicity (e.g. at Board, SLT and team composition targets and in how they select suppliers/manage supply chain) (suggested). **Develop client portfolio product** (Gender or blended (Gender x impact (environment)). **Public reporting:** Report commitment to gender and other dimensions of social equity through an annual impact report with 3is Framework.

Selecting fund managers

People

Step 1: Early	Step 1: Later
Test client demand: for gender-focused products across the risk and liquidity spectrum of asset classes. **Assess for 'model portfolio' inclusion:** Deep gender impact is still in private markets and products may not have the risk or liquidity profile for broader portfolio inclusion. **Consider diversity composition of all FMs on the platform**: Request FMs to produce and disclose gender, race and ethnicity composition in RFPs **Targets:** Request FMs to commit to targets and management plans to achieve in RFPs and support them through ongoing conversations and other support. **Reporting:** Request FM to report not only on policies that they have, but the results /outcomes of the policies. **Succession planning:** Request FMs to disclose what their teams are doing about succession planning and attracting talent into the industry. Note: For all of the above, conversations, guidance and support should be provided rather than immediately mandating requirements.	**Consider opportunities:** Evaluate evolution of client demand and consider potential opportunities to enable more diverse fund managers to break into the market. This may involve using mechanisms other than track record to assess first time diverse fund managers.

Wealth managers: investment process
Selecting fund managers

Policy

Step 3: Early	Step 3: Later
Annual communications: Establish a policy to communicate annually your commitment to gender and racial equity to FMs and other stakeholders. **Scorecard**: Develop or utilise an external scorecard/framework to screen in/out or evaluate FMs on their commitment and achievements against gender and racial equity objectives. **Due Diligence**: Develop a due diligence process or leverage a scorecard to evaluate any FM across any asset class, sector and/or geography on how they are implementing ESG factors across investment processes and decision making, specifically articulating gender and race considerations. **FM feedback:** Provide feedback to FMs e.g. ongoing conversations to develop pathway to achieve improved gender and race outcomes through investment processes and in their team composition.	**Target**: Establish a policy (bound by the constraints of know your client (KYC) and ensuring client objectives are met) that includes the option to change FMs or reduce investment with a FM over time if they do not achieve intended commitments to agreed composition targets. **Annual review**: Conduct an annual review of FM against scorecard/due-diligence and communicate findings to FM peer group (where possible). **Publish data**: Encourage FMs to publish diversity outcomes data on how they address DEI in their investment processes. **Annual evaluation:** Perform annual and longitudinal evaluation of FM performance based on diversity factors in FM team composition and/or investment processes. Look beyond an individual investment and take a systems level approach to gender/diversity across the portfolio holdings. **Impact Management Framework:** With FM data support, design and embed an Impact Management Framework across impact areas including gender to add value to clients through mapping of portfolio impact alongside financial return.

Image source: Kate Trifo, Unsplash

Wealth managers
Influencing companies

Policy

Step 3: Early	Step 3: Later
Dialogue on performance: Researc analysts to have ongoing dialogue with companies around the importance of gender to company performance and stakeholder perceptions. **Disclosure:** Write to companies requesting disclosure of gender, race and ethnicity composition and approach to addressing gaps to help more effective research analysis.	**Diversity requirements:** Highlight in research reports companies that do not meet diversity levels (after "reasonable" consultation) or blatantly breach minimum acceptable levels of gender practices (e.g. gender-based harassment or pay gaps). **Government:** Advocate to government with other key stakeholders (FMs, asset owners, other WMs and potentially Family Office and NFP clients) for greater diversity disclosure requirements.

Wealth managers:
Influencing clients and sector stakeholders managers

Policy

Step 3: Early	Step 3: Later
Female client education: Develop education programs for female clients to better understand financial products. Recognise the business opportunity in this. **Client education:** Continue educating clients around the importance of diversity in company performance and ways they can engage with this e.g. using their shareholder votes around diversity of board composition. **Talent acquisition:** Partner with universities and other programs to attract, train and retain more women in investing. **Promote women in finance:** Promote and market the benefits of a career in finance for women and 'demystify' the notion of the finance 'black box' in schools and universities. **Attend 'Gender Smart' conferences:** speak at conferences or be one of a growing number of men who advocate for broader diversity and inclusion.	**Increase trust:** Design a campaign to demonstrate trustworthiness of financial services sector with the objective to attract more women (Edelman survey). Ensure policies and processes are in place (or in the process of being developed). **Promote key issues:** Consider developing a product range that promotes gender as a primary objective alongside other highlighted issues such as climate and pitch into the younger generation of clients. **Sponsorships:** sponsor diversity and inclusion conferences and be the example that competitors aspire to for diversity and better performance outcomes.

A Roadmap for Family Offices and Foundations

Image source: Paris Speak, Unsplash

Family offices and foundations

Key findings

Our findings from interviews and surveys highlight the following key themes framing the current practices for considering gender equity and other forms of diversity and inclusion for **Family Offices and Foundations** in Australia.

Internal	Investment	Influence
Typically diversity and inclusion or gender policies are more informal although practice reflects a real commitment to gender outcomes. Policies were focused mainly on hiring and support for carers and paid parental leave with some also considering flexible working hours and pay equity. Background and culture of the family often underpin the approach to diversity.	Most are or would like to do more around gender lens investing. Challenges included lack of expertise, resource constraints and availability of product. Many foundations or family offices invest with fund managers, and some consider gender at this level. Some of the foundations are very focused on gender in their grant making but it is less of a deliberate focus for investment of their foundation's corpus. Those that did pursue gender strategies at the investment level tended to do this through shareholder voting around board composition or through deliberate private market investments. These included property investments supporting female cohorts or private equity backing female founders.	We observed that family offices often went beyond the more "traditional" grants and corpus of a foundation to exert influence in other areas of gender support. One family office for example has a holistic approach to gender across its foundation but within the family office will additionally support female businesses and women-led managed funds that may fall outside the investment mandate of its foundation's corpus. SheEO, investor circles, support for advocacy and of market builders were all ways in which this group influenced better gender and diversity outcomes. This investor group also has an opportunity to collaborate and be the client demand that wealth managers need to contemplate gender-focused portfolio development and product. This may require a proactive approach in carving out a small proportion of their corpus for impact with gender equality as one of the priorities.

Family offices and foundations

Roadmap

The following Roadmap is for **Family Offices and Foundations.** It will guide you in considering how you can start or strengthen your approach to achieving gender equity, racial equity, diversity and inclusion outcomes in the following ways:

- within your overarching investment strategy.
- within your due diligence processes.
- in post-investment support, review and analysis.
- by adding value to your investment processes from a financial risk and return and impact perspective.

image source: Wesley Tingey, Unsplash

Family offices and foundations
How to use the Roadmap

It is important to note that almost all of the strategies are independent of each other.

This means you can select one or more strategies that you are ready to implement and start or strengthen your journey.

Multiple strategies can also be implemented simultaneously or sequentially – the choice is yours and should suit where you are in terms of your organisation's objectives, priorities, resources and other operational factors.

Step 1	What type of investor are we? **A FAMILY OFFICE AND/OR FOUNDATION**
Step 2	Which focus area would we like to look at to start or strengthen our approach to gender? You can select one or more dimensions from the 3i Framework: • Internal: How to consider gender within our company (governance, policies, people, processes) • Investment: How to consider gender within investment processes (specific to investor type) • Influence: How we can use our influence to achieve gender equality beyond our own core work
Step 3	What stage of our journey are we at? • We are at the start of our journey in considering gender (early). • We are looking to strengthen our approach to gender (later).
Step 4	What strategies are our company seeking to apply?

Family offices and foundations

Roadmap outline

The key guidance here is that you can start with any one of these strategies.

1. Internal	2. Investment	3. Influence
People (Governance, Board, Leadership Team)	Making Direct Investments	Influencing Fund Managers and Wealth Managers
Policy	Selecting Fund Managers	Influencing Investee Companies
Processes (Hiring, Workforce Planning, Marketing)	Selecting Wealth Managers	Influencing other Sector Stakeholders
	Grant Making	

Making direct investments

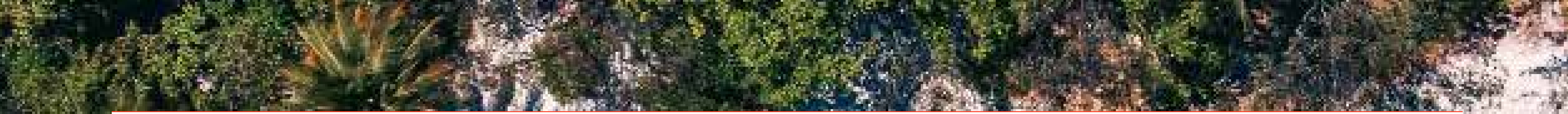
People

Step 1: Early	Step 1: Later
Shared commitment: Ensure Investment Committee and investment leadership team have understanding of and commitment to gender and racial equity. A core understanding of why gender is important to consider, how it can be considered and the impacts on investments should be held at all levels of the organisations. This will ensure that the political will exists and that no one person holds the 'burden' of ensuring a gender lens is considered. **Assign gender champion:** allocate responsibility to a key individual. **Investment Committee:** Internal Investment Committee team composition to align with 40/40/20 where possible. Also consider targets in relation to different sectors (suggested).	**Dedicated role:** Hire a Head of Impact/ESG who has responsibility for formally embedding all impact related issues into the investment process including diversity (resources permitting). **Training:** Build diversity skills and expertise across the investment team both through training and recruitment/outsourcing as required.

Making direct investments

Policy

Step 3: Early	Step 3: Later
Risk appetite: Determine a gender 'risk appetite' in relation to asset classes and liquidity and other impact objectives of the group. Currently, the deepest gender impact is often in private market investments which may be higher risk and more illiquid. **Carve out for gender:** Foundations may consider a policy which carves out a % of the corpus that aligns with gender and potentially other impact-focused investment (e.g. Sasakawa Peace Foundation). **Determine policy in relation to concessional versus commercial capital.** **Determine policy in relation to technical assistance support for direct investments.** **Investment Philosophy:** develop a philosophy that includes a statement on website about how gender and racial equity will be addressed (similar to a climate statement). **Voting policy:** Design and implement a recommended gender (and race) voting policy for distribution to clients (e.g. voting to ensure all ASX 200 company boards have at least X female and Y diverse members on Board).	**Risk appetite:** Review gender 'risk appetite' annually based on gender and performance outcomes. **Technical assistance:** Review need for technical assistance policy (none established) or effectiveness and further requirements (established). **Policy:** Review policy in relation to concessional versus commercial capital in relation to market needs, product availability and return requirements of the investment. **Investment Philosophy:** Review investment philosophy on an annual basis and amend in line with DEI progress as required.



Process

Step 3: Early

Identify gaps: Design and implement a process to identify gender and racial gaps in different asset classes, sectors and geographies to inform how investments can address/improve/avoid worsening gaps: 'What is the gap that we see? How is the company seeking to meet that gap? If we invest how?' (suggested)

Investments in listed equities:

- **Diversity goal alignment:** Consider for inclusion companies that align with one or more of the diversity goals. In terms of SDG5, look at female leaders Chairs, CEOs and members of SLT e.g. Bain's methodology is to look at websites of executive leadership teams. Leverage WGEA data for Australian companies.
- **Gender composition:** Consider companies that have a certain % of women employees (Board, SLT, wider company) with absolute targets within specified timeframe. E.g. Melior has six targets that companies want to achieve by 2026 including: gender 40/40; pay gap reduction target; a Reconciliation Action Plan and a self identified Director from a minority.
- **Scorecard:** Develop/utilise a gender & racial equality scorecard/screen and use benchmarks to understand gender impact.

Unlisted investments:

- **Diverse experience:** Ensure internal teams have people/advisors with lived experience to advise on investment approach (suggested).
- **Diverse composition:** Ensure internal teams are diverse in composition in terms of gender, race and other social factors (Suggested).

Develop framework/tool: Identify gender and racial equity consideration by sector, market, asset class, and product e.g. property development. Also, how the product/sector considers gender for women in: leadership; supply chain; ownership of company, and product that services women (e.g. disability housing).

Scorecards: Request portfolio companies to complete surveys/scorecards on gender, race and ethnicity e.g. at Board, SLT and team composition targets and in how they select suppliers/manage supply chain) (suggested).

Investment evaluation: Use the IMP framework to evaluate investments (suggested).

Step 3: Later

Gender portfolio development: Develop a portfolio focused primarily on (gender) or blended (gender x other impact (e.g. environment) which invests in business models that improve gender equality including:

- incorporate a Theory of Change (TOC) for gender and an overlay for ESG approach
- for each investment, evaluate if impact is aligned with ToC for the gender portfolio
- documented process of gender impact due diligence
- impact reporting post investment.

Public Reporting: Report commitment to gender and other social equity through an annual impact report with 3is Framework – this will add in market building.

For investments in private markets: Develop this with a gender TOC and require compliance with at least one or more thresholds that must be met (products may constrain this to regional or global currently) such as:

- all companies must meet requirement for quality jobs for women, minimum safety, and policies that prevent sexual harassment
- empower women in the workplace – companies that employ a significant number of women
- products or services that meet the needs to women or fill a gap in access to product or services
- women in the supply chain as employees/producers e.g. farmers.

Image source: Corey Lewis, Unsplash

Fund manager selection

People

Step 1: Early	Step 1: Later
Depending on the size of the family office/foundation and its resources as well as investment strategies (active vs passive; listed vs unlisted) approaches may vary, and external assistance may be required. **Assess diversity composition of all FMs under consideration:** • Request FMs to produce and disclose gender, race and ethnicity composition in RFPs. • Request FMs to commit to targets and management plans to achieve in RFPs and support them through ongoing conversations and other support. • Request FM to report not only on policies that they have, but the results/outcomes of the policies. • Request FMs to disclose what are teams doing about succession planning and attracting talent into the industry. Note: For all of the above, conversations, guidance and support should be provided rather than immediately mandating requirements.	**Support diverse FMs:** Consider backing more diverse fund managers or those with a less conventional gender-focused product to enable them to break into the market. This may involve using mechanisms other than track record to assess first time diverse fund managers.

Family offices and foundations: investment process

Fund manager selection

Policy

Step 3: Early	Step 3: Later
Annual communications: Establish a policy to communicate annually your commitment to gender and racial equity to FMs and other stakeholders.	**Diversity requirements:** Encourage FMs to have a policy to divest out of investments that do not comply with diversity targets (gender, race, ethnicity impact targets).
Scorecard: Develop or utilise an external scorecard/framework to screen in/out or evaluate FMs on their commitment and achievements against gender and racial equity objectives.	**FM policy:** Establish a policy that includes the option to change FMs or reduce investment with a FM over time if they do not achieve intended commitments to agreed composition targets.
Diversity Policy: Require FMs to have (or commit to having) a Diversity Policy (or similar) with quotas/targets within timeframes that apply to the whole organisation: the Board, Leadership Team, Investment Committee, Investment teams.	
Investment Philosophy: Encourage FMs to include gender, race and ethnicity as factors that they consider in their investment philosophy/policies (similar to how they would consider climate as a risk or a factor).	
Public commitment: Request that the FM publish and communicate their commitment to stakeholders about diversity both within their company and in their investment processes so it is publicly available.	

Image source: Kate Trifo, Unsplash

Family offices and foundations: investment process

Fund manager selection

Process

Step 1: Early	Step 1: Later
Scorecard: Develop a due diligence process or leverage a scorecard to evaluate any FM across any asset class, sector and geography on how they are implementing ESG factors across investment processes and decision making, specifically articulating gender and race considerations. **Ongoing feedback:** Provide feedback to FMs e.g. ongoing conversations to develop pathways to achieve improved gender and race outcomes through investment processes and in their team composition. **Evaluation disclosure:** Request that FMs disclose their process on how they evaluate the impacts of the investments on gender, race and ethnicity when conducting research across sectors, selecting asset classes and regions where they invest and request that they provide data (or commence producing data) to verify this. **Due diligence:** Request FMs to include gender, race, ethnicity factors in their investment due diligence process (suggested). **Listed equity FMs:** request information and evaluate how they have implemented ESG over the past 12 months and if gender, race and ethnicity considerations were made **Target support:** If FM does not consider these factors, provide support to/request that FMs source support to achieve targets (e.g. ongoing conversations or more formal TA either through partner organisation or developing internal capacity to develop pathway to achieve improved gender and race outcomes through investment processes and in their team composition).	**Annual review:** Conduct an annual review of FM against scorecard/due-diligence and communicate findings to FMs. **Publish data:** Encourage FMs to publish diversity outcomes data and how they address this in investment processes. **Annual evaluation:** Perform annual and longitudinal evaluation of FM performance based on diversity factors in FM team composition and/or investment processes and benchmark against relevant peer performance groups (may require outside advice or could be done as part of alliance with a group of family offices/ foundations). **Systems level:** Look beyond an individual investment and take a systems level approach to gender/diversity across the portfolio holdings. **Impact Management Framework:** With FM data support, design and embed an Impact Management Framework across impact areas including gender to add value to clients through mapping of portfolio impact alongside financial return.

Selecting and working with wealth managers

People

Step 1: Early	Step 1: Later
Diversity targets: Set out diversity expectations and targets around investment and any FM selection within an overlay of know your client (KYC) and your risk/return profile. **Diversity data**: Request detailed data on investments and any FMs currently selected including gender, race and ethnicity composition. **Expectations**: Set out diversity expectations for the Wealth Managers own organisational structures. **Diversity in composition**: Request data and ensure WMs are considering or committed to diversity targets in composition across the whole organisation (the Board, Leadership Team, Investment Committee, Wealth Advisors) for other diversity (including ATSI, racial/ethnic background) **Ways of working:** Understand the mechanisms and ways of dealing with you as a client e.g. a multi-generational family may have a team of advisors who handle different family member relationships. **Financial skills**: Ask about ways the WMs can help with bringing less financially skilled family members up the financial understanding curve. **ESG considerations:** Ensure the WM has a research team that considers ESG in the investment process.	**Support diversity:** Consider working with the WM to back more diverse fund managers or those with a less gender-focused product to enable them to break into the market. This could also be tailored to specific asset classes such as Private Equity in which diversity is particularly an issue). **Assessing first time fund managers:** Consider working with the WM to use mechanisms other than track record to assess first time fund managers with diversity characteristics.

Family offices and foundations: investment process

Selecting and working with wealth managers

Policy

Step 3: Early	Step 3: Later
Communicate commitment: Establish a policy to communicate your commitment to gender and racial equity with particular emphasis on suppliers (such as WMs and FMs) into the investment process. **Diversity policy:** Require WMs to have (or commit to having) a Diversity Policy (or similar) with targets within timeframes that applies to the whole organisation: the Board, Leadership Team, Investment Committee, and Wealth Advisors. **Investment philosophy:** Encourage WMs to include gender, race and ethnicity as factors that they consider in their investment philosophy/policies (similar to how they would consider climate as a risk or a factor) **Public commitment:** Request that the WMs publish their commitment to diversity both within their company and in their investment processes so it is publicly available.	**Diversity requirements:** Establish a policy that sets out company criteria on the triggers to change WMs and/or their reduce investment with their recommended FMs over time if they do not achieve intended commitments to agreed composition targets. **Divestment policy:** Encourage WMs to have a policy to divest out of investments that do not comply with diversity targets (gender, race, ethnicity impact targets) after 'reasonable' discussions with the company or recommended FM. **Diversity metrics:** Encourage the WM to have a policy of including diversity metrics into its research team assessment of companies covered.

Process

Step 3: Early	Step 3: Later
Scorecard: Develop a scorecard (or utilise one) that helps you evaluate WMs' commitment to considering gender, race and ethnicity in how they: • research sectors • select asset classes where they invest • select regions where they invest. **Disclosure:** Request that WMs disclose their process of how they evaluate the impacts of the investments on gender, race and ethnicity when conducting research across sectors, selectinAUMg asset classes and regions where they invest and request that they provide data (or commence producing data) to verify this. If the WM does not consider these factors in research, encourage them to start and support them as appropriate.	**Annual reporting:** Establish an annual reporting mechanism to consider performance of Wealth Managers' recommended company investments and FMs alongside their teams' diversity characteristics. **Evaluation framework:** Establish an annual reporting framework with your Wealth Manager, benchmarked to industry averages to evaluate how their recommended investments and FMs across any asset class, sector and geography are: • implementing ESG factors within the investment process and decision making, specifically articulating gender and race considerations • are factoring diversity into their own investment teams. **Publish data:** Encourage WMs to publish data on how they address diversity in the manager selection process.

Family offices and foundations
Grant making

People

Step 3: Early

Level of support: Determine the extent to which the organisation wishes to support gender equality and diversity through its grant making i.e. 100% and/or in combination with other impact objectives.

Awareness raising: Ensure awareness of gender and how it is or will be applied across all levels of the organisation. This requires a core understanding of why gender is important to consider and how it can be considered and the impacts on the organisation's operations and grant making. This will ensure that the political will exists and that no one person holds the 'burden' of ensuring a gender lens is considered.

Diverse composition: Ensure there is diversity in the composition of the grant making team, either as core team members or as advisors (gender, race, ethnicity, ability, those with lived experience of issues supported) to enable more effective and impactful grant making considers a diversity of views and identifies impacts and unintended consequences that a non-diverse team may not be able to see.

Gender champion: Appoint a gender champion to take accountability.

Grantee diversity: Assess diversity composition of grantees under consideration:

- request grantees to produce and disclose gender, race and ethnicity composition in grant applications
- request FM to commit to targets and management plans to achieve in applications and support them through ongoing conversations and other support.

Step 3: Later

Gender expert: Resources permitting, ensure there is a gender expert within the grant making team or engage an external gender expert to advise on how to evaluate gender impacts and achieve gender outcomes aligned with grant making objectives.

Over time the above capacity can be developed in-house if not hired externally.

Technical assistance: Potentially provide technical assistance to grantees to build capacity around diversity in their own operations and reporting requirements.

Driving change: Consider thinking outside the box on 'traditional' grantees and think about some grants that drive system change E.g. for policy and advocacy around gender issues and also tools like this one.

image source: Roadtrip with Raj, Unsplash

Family offices and foundations

Grant making

Policy

Step 3: Early	Step 3: Later
Grant making policy: Review or develop an organisational grant making policy (or similar) to ensure that gender impacts are considered at all stages during the grant making process (allocating funds, selecting priority areas, selecting grantees, supporting grantees, reporting on impacts). **Communications:** Establish a policy to communicate your commitment to gender and racial equity to potential grantees and other interested stakeholders. **Grantee Diversity Policy:** Require grantees to have (or commit to having) a Diversity Policy (or similar) with targets within timeframes that applies to the whole organisation: the Board, Leadership Team, and employees. **Public commitment:** Request that the grantees publish their commitment to diversity both within their company and in their investment processes so it is publicly available.	**Achieving targets:** Establish a policy that sets out company criteria on the triggers if grantees do not achieve intended commitments to agreed composition targets. This should be assessed in the context of the grantees' overall commitment to gender equality and diversity (i.e. if grant monies are being explicitly applied to that purpose). **Supply chain:** Encourage the grantee to develop a policy of considering diversity factors across its own supply chain. **Reporting:** Encourage the Wealth Manager to have a policy of including diversity metrics into its reporting practices (if it doesn't already). **Impact Mesaurement Project (IMP)** : use the IMP Framework to evaluate grantee projects / initiatives.

Family offices and foundations
Grant making

Process

Step 1: Early	Step 1: Later
Ppplication methods: Use innovative and alternative application methods to ensure more inclusive processes. E.g. allowing for phone, video, in-person, or shorter applications, and/or deliberately stating that 'perfect' English is not a requirement. This will be more attractive to those applicants from non-English speaking backgrounds, those experiencing and living with a disability, those with care commitments and other factors that may impact on the application (but does not reflect the quality or impact of the work being delivered). **Grantee selection process:** Develop a process to evaluate and select grantees considering gender, race, ethnicity, and other social factors at both the organisational structure level as well as how their product/service works to impact different social groups. **Acquittal process:** Ensure the acquittal process requests grantees to measure and report gender impacts of their work, ensure support is provided (funding or technical advisory) to enable them to strengthen their capacity to do this and that they are resourced to undertake this work. **Grant evaluation:** Design and use a gender framework for grant evaluation to determine priority areas for the organisation as well as for each grant that is made. Ensure that the framework evaluates gender, race, ethnicity and other social factors both for social impact focused initiatives as well as other initiatives (e.g. clean energy, affordable housing, disability) noting that gender and social factors are cross-cutting. Addressing multiple factors when evaluating grantees is likely to increase impact outcomes identified and decrease potentially unintended consequences.	**Grantee support:** Ensure grantees are supported to have a policy to consider gender in their governance and operations. Provide support to grantees (technical advisory or funding) to support them to create and implement gender action plans. This will ensure that gender objectives are achieved without impacting on the existing resources the grantee may have, which can often be constrained.

Influencing fund managers and wealth managers

Step 1: Early	Step 1: Later
Set gender expectations: As influential clients of FMs and WMs – clearly set out your gender expectations and use your capital to encourage change. **Support diversity outcomes**: Back the organisations that are demonstrating a strong performance in diversity outcomes, in a manner that is visible to your WM. **Request Education programs for female clients** to enhance understanding of financial products in a supported (and non-confronting) way. **Promote across networks:** Where possible within your networks (or publicly as appropriate) talk about the WMs or FMs who are doing a good job on diversity outcomes.	**Combine with other topical issues:** Request products that promote gender as a primary objective alongside other topical issues such as climate. This could be done in conjunction with other family offices and foundations to increase the potential scale of the AUMs. FOs can form an alliance to create a call to action (CTA) for all their FMs and WMs to commit to achieving gender and race equity at the company and investment levels (suggested). 1,500 PAFs now boast combined assets of more than A$10bn. Their charitable distributions are rising too, and already exceed A$300m annually. **Impact research:** Support research that ranks FMs and WMs on the impact of their portfolios including gender and diversity outcomes.

Influencing companies

Step 3: Early	Step 3: Later
Advocate among boards and management: Use influence and shareholding to advocate for greater diversity among investee company boards and senior management. **Request disclosure:** Encourage WMs and FMs to write letters to companies requesting disclosure of gender, race and ethnicity composition and their approach to addressing gaps.	**Diversity requirements**: Divest from companies that do not meet diversity levels or clearly breach minimum acceptable levels of gender practices (e.g. Gender-based harassment or pay gaps). **Technical assistance:** In the case of private markets, support technical assistance to help build the capacity of investees around diversity. **Advocate for diversity disclosure:** Advocate to government with other key stakeholders (FM, asset owners, other WMs and other family office and foundations), for greater diversity disclosure requirements.

Influencing sector stakeholders

Step 3: Early	Step 3: Later
Government Policy: Key philanthropic organisations can share gender impact data around needs and outcomes to influence Government to allocate funding for gender responsive budget allocations including considering government-issued gender bonds. **Share learnings:** Publicly sharing learnings around cross-cutting gender impacts in sectors such as disability, health care and others, can influence other organisations to consider these factors to drive greater impact across the sector.	**Women in finance:** Support the promotion of the benefits of a career in finance for women and 'demystify' the notion of the finance 'black box' for school and university students. **Scholarship program:** Sponsor a scholarship program directed at diversity candidates in finance courses to continue to Masters level.

Structures and systems

Strengthening our structures and systems in Australia

> "…the importance of using many levers to improve gender equality in Australia is paramount to collectively achieving meaningful change."
>
> – Global Institute for Women's Leadership, 2021

By some measures, Australia is regarded as a leader and pioneer in advancing gender equity. In 1984, Australia was one of the first countries to establish a gender budget. In 2007, Australia introduced the women's statement. In 2011, Australia established the position of Ambassador for Gender Equality to promote gender equality and give women a voice[131] and in 2012, Australia enacted the Workplace Gender Equality Act to promote and improve gender equality in the workplace.[132]

These policy and legislative changes have been shown to correlate positively with increases in women's participation in the workforce and other benefits. However as has been discussed, there remain deep chasms of inequality for women, and at the intersection of other forms of diversity. These gaps have been highlighted and exacerbated by the impacts of COVID-19.

Policy and existing regulatory conditions can be strengthened to encourage, enable, and ensure effective and sustainable GLI uptake in Australia and our region and contribute to tackling gender inequity.

There is a need for regulatory and policy action to prime the pump, creating a pipeline for workforce progression for women and diverse minorities. Equally important is the shoring up of the pipeline to ensure there are no leakages along the way.

Disclosure of diversity

Disclosure of diversity and non-discrimination policies not only serve to drive inclusion but are increasingly being used by investors as part of their due diligence and investment decisions. Over the last decade, a number of different countries have introduced or legally mandated various reporting schemes that seek to address gender inequality in the workplace. Broadly, these requirements aim to promote awareness of gender equity in society by setting out policies for companies and/or public sector bodies around data collection, including salary and remuneration data and diversity of board composition.

For example, Trillium believes that:
"...companies that disclose non-discrimination policies and the composition of their workforce give investors important information to assess a company's ability to mitigate workplace risks."

Structures and systems

Trillium continues to engage companies on the issue because it believes that companies that are transparent on equal employment opportunities are more likely to make progress toward achieving their goals.[133]

"Public disclosure is important as a statement of intent – to acknowledge that the capital markets industry is starting from a difficult position but wants to change, is capable of change, and how it plans to make those changes – without waiting to be told what to do by regulators."

– Yasmine Chinwala and Kristine Bell, New Financial, 2015[134]

"Bringing minority employees into the room but not having inclusive behaviours within the workplace to embed them can create a disengaged population…"

– Investor Leadership Network, 2021

Structures and systems

Global examples of diversity disclosure policy

In the US, anti-discrimination and composition of the workplace is mandated through the Equal Employment Opportunity Commission (EEOC).[135] The EEOC is responsible for enforcing these federal laws which apply to employers with 15 employees or more (20 or more in cases relating to age discrimination). Discrimination includes a person's race, colour, religion, sex, disability or genetic information and the law applies to any type of employment situation.

Prevention of discrimination forms part of the EEOC's work, and it provides outreach, education and technical assistance programs, as well as providing leadership to other federal agencies relating to its mandate.

Canada's Pay Equity Act came into force on 31 August 2021, requiring employers with 10 or more employees to develop and implement their proactive pay equity plans within three years.[136] As part of this requirement, the Act seeks to make publicly available information on the wage gap for women, Indigenous people, persons with disabilities and members of visible minorities.

In the UK, employers with more than 250 employees are required to report gender pay gap data. This applies to private, voluntary and listed public sector organisations. In addition, employers are required to publish a supporting narrative and an action plan to explain their gender pay gap and planned actions relating to this gap.[137] The Equality and Human Rights Commission can issue an 'unlawful act' notice to organisations that fail to comply with the scheme and may require them to develop an action plan in response to this breach.[138]

The EU has laws which require companies with 500 or more employees to disclose non-financial information to encourage responsible approaches to business. The diversity of Board composition as well employment policies form part of these laws.

In Belgium, Austria and France organisations are required to make their gender pay gaps publicly available, or available to their employees on request.[139] Iceland was the first country to legislate an 'Equal Pay Standard', where workplaces must undergo an audit and receive certification that their employees are equally paid for work of equal value.[140] Organisations that fail to meet the pay equality standards may then face fines.[141] France has expanded its gender equality reporting scheme to include an 'equal pay index' with five indicators and a scoring system.[142]

Employers in France who fail to meet the compliance threshold have three years to comply or face penalties.[143] In Denmark, companies are required to report on the actions they're taking to achieve gender balance on their Boards (at least 40%/60%). [144]

Structures and systems

Strengthening Australia's Workplace Gender Equality Act

Australia's Workplace Gender Equality Act 2012 (the Act) requires employers with 100 or more employees to report annually their progress against six gender equality indicators (GEI). The GEI include gender diversity in the workforce as well as recruitment and workplace practices. The collection of this data over the past eight years has produced a solid database of gender diversity in the Australian workforce.

At the time of its enactment, Australia was recognised as a leader among peers in workplace gender equality and in particular, for the depth of the quantitative data collected via the Act. The introduction of the Act correlated positively to a narrowing of the gender pay gap in the years prior to the COVID-19 pandemic – reducing to 13.4% in 2020 from 17% in the first year of reporting. This gap has subsequently increased to 14.2% and the data shows the ongoing workforce participation disparity between women and men.

The Workplace Gender Equality Agency (WGEA) says there has been stagnation and this is also echoed by the Department of the Prime Minister and Cabinet.[145]

The Act is currently undergoing a review in line with the commitment included in the 2021-22 Women's Budget Statement. In its submission to the review of the Act, WGEA says there is an opportunity for the Act to drive change. The Global Institute for Women's Leadership (GIWL) agrees. Its focus is on leveraging design features of the existing regulatory framework with the aims of increasing transparency and providing clearer performance guidance and accountability.[146]

Key areas to strengthen the Act seek to enable the regulator to monitor and hold organisations to account for making progress on gender equality. These include:

- **Expand data collection to include qualitative and intersectional data.** This is recognised as an issue of concern but there is reportedly a lack of consensus about how to incorporate this into the Australian system due to what is described as a heavy burden of reporting requirements. GIWL suggests a solution to this issue could be to simplify and streamline reporting requirements to enable the capture of intersectional data.

"More women work part-time (45%) than men (19%). Only a small proportion of men work flexibly or take parental leave. Women make up 33.6% of ASX 200 Boards. Women are under-represented in senior profit and loss roles in businesses. There remains a gender pay gap in favour of men across all industries, including female-dominated industries."

– Source: Department of Prime Minister & Cabinet, Australia, 2021

Structures and systems

- **Require smaller employers to report.** At present the reporting requirements only capture 40.3% of Australia's workforce. There are plans to expand reporting requirements to the public service as part of the review.

- **Enforce compliance**. Non-compliance rates have more than doubled since reporting under the Act began.

- **Include corrective action.** Even when companies do comply but report gaps, there is no requirement to take corrective action. GIWL notes, "Under the 2012 Act, employers disclose the presence of gender policies via survey response, but do not disclose the policies themselves."[147]

- **Publish pay gap data:** Australia ranks low for pay gap reporting compared to other countries. This is because although mandatorily reported to WGEA, gender pay data is not disclosed to the public.

- **Require largest companies to set gender targets.**

Quotas: changing who sits at the decision making table

Although addressing social inequities is often the impetus for greater diversity on boards, a broader range of experience, background and knowledge can also lead to better risk management and financial returns[148] by being better equipped to respond to complexity and changes in the strategic and operating environments. Despite this, advancing board diversity continues to be slow and requires targeted effort.

In some jurisdictions, quotas on boards are being mandated through "disclose or explain" provisions. In August 2021, the US Securities and Exchange Commission (SEC) agreed to changes proposed by Nasdaq that all companies listed on the US exchange must publicly disclose "consistent, transparent diversity statistics" regarding the composition of their boards. Diversity provisions include requirements for at least one woman and one other director from a minority group.

"Boards with a diverse mix of genders, ethnicities, career experiences, and ways of thinking… are less likely to succumb to groupthink or miss new threats to a company's business model. And they are better able to identify opportunities that promote long-term growth."

– Larry Fink, Chairman and CEO, BlackRock

Structures and systems

Further north, the world's largest sovereign wealth fund in Norway (US$1.3 trillion) is considering setting targets for board diversity through the boards of the companies it invests in if fewer than 30% of the board composition are women.[149]

Australia, however, has exceeded 30% women on its top-listed company boards and has done so without quotas (it is one of only three countries to do so). Industry superannuation funds were cited by the Australian Institute of Company Directors (AICD) as a major driver of this change.[150] Other pivotal events listed included: the ASX Corporate Governance Council recommendations in relation to reporting on diversity and the Australian Institute of Company Director's (AICD) Chair's Mentoring Program. The AICD recognised the influencing of many other stakeholders, including other investors and their representative bodies, and sector initiatives such as the 30% Club Australia, Chief Executive Women, Champions of Change, and Women on Boards.

However, while achieving the 30% bar is notable comparatively, it remains a low threshold for women. In addition, there are ongoing systemic barriers slowing and disrupting their progression in the workforce, limiting the pipeline of women into leadership positions. These include disproportionate caring responsibilities for women exacerbated through gender role stereotypes. Other barriers include the selection criteria and processes for appointing board members. For example, the board skills matrix, which currently favours CEO experience for board positions, disadvantages women who make up only 5% of CEOs.

Policies directing Finance for Women

The 2021 G20 Leaders' Communique includes a reaffirmation of the G20 countries' commitment to gender equality and the empowerment of women and girls through leadership at all levels for inclusive and sustainable development. Notably, the Communique also included a commitment to gender throughout national policies and acknowledged the Women Entrepreneurs Finance Initiative as an important partnership to support women-led SMEs.[151] Women entrepreneurs face more and greater barriers in access to finance and often turn to self-financing.

Through well designed policy, governments can address these barriers by enabling access to appropriate finance for women and addressing market failures. Traditionally, government policy has centred on the provision of grants, loan guarantees and microfinance. More recently, governments are recognising the other tools in the policy toolkit which improve access to risk capital for women entrepreneurs and enable growth in women owned and led enterprises.[152]

Structures and systems

Two excellent Australian examples of such policy are provided through Australia's official development assistance and the Department of Foreign Affairs and Trade (DFAT). These are:

- **Emerging Markets Impact Investment Fund (EMIIF),** which was established as an investor, market builder and provider of technical assistance to grow the impact and GLI markets in South Asia, SEA and the Pacific by supporting SMEs and other ecosystem actors.
- **Investing in Women,** which catalyses inclusive economic growth through women's economic empowerment in SEA through: workplace gender equality; impact investment for women's SMEs, and influencing gender norms.

Lessons from these policy initiatives could be applied to other areas of Australian policy, including the Early Stage Social Enterprise Foundation, announced as part of the 2021-22 Australian Budget.

Structures and systems
Investing in Women (IW)

An Ecosystem Approach to tackling gender inequality in South East Asia.

Established in 2016, the Australian Government's A$102m Investing in Women program is an exemplary policy initiative which seeks to address the drivers as well as the effects of gender inequality in the South East Asia (SEA) region.

It does this through the lens of women's economic empowerment in the Philippines, Indonesia, Vietnam and Myanmar.

IW utilises a suite of policy tools which range from work in collaboration with corporations and business leaders and advocates to create conditions in the enabling environment to supporting women entrepreneurs through the provision of appropriate capital and technical assistance.

The program is organised in three pathways:

Pathway 1: Workplace Gender Equality (WGE) – focuses on shifting norms by working with business coalitions to change workplace cultures, practices and policy barriers to achieve WGE.

Pathway 2: Impact Investment for Women's SMEs – partnering with impact investors and ecosystem builders to expand market opportunities for women.

Pathway 3: Influencing Gender Norms – working with global networks to positively shift attitudes and practices.

Structures and systems

Reporting an investing-in-women score

Parallelle Finance has called for the incorporating of an investment-in-women score into country gender equality rankings. Such a score, it argues, would offer a more complete picture of economic participation, business climate, and political empowerment and would include women's participation as investors and investees.

Sector developments driving systemic change

The Investor Leadership Network

The Investor Leadership Network (ILN), established under the Canadian Presidency of the G7 in 2018 is a coalition of 14 global institutional investors from six countries with US$8tn in AUM. The ILN "champions initiatives and addresses challenges that no organisation or jurisdiction can tackle on its own."[153]

Most ILN members agree that considerations of diversity, equity and inclusion (DEI) should be included as part of the investment process.

Table 7 provides a summary of the different levels of DEI integration into the investment process.

Table 7. Summary of different levels of DEI integration in the investment process based on consultations with ILN members

	Informed Investor	Competitive Edge
Strategic Intent	Do the right thing.	Seeks a better rate of return profile.
Internal Investment - Private Companies	Can be a deal breaker in DD if perceived as counter-culture.	Light support to investee to achieve DEI targets (e.g. roster of female executives), partners with other LPs to maximise influence.
Internal Investment - Public Companies	Voting guidance has DEI targets and votes are uniformly casted across the organisation.	Forms coalition to maximise influence and leverage 'Name and Shame'.
Eposure Management	DEI is evaluated at onset and data captured.	Maps portfolio DEI exposure to inform actions.
Client Understanding	As voiced through formal client relationship channel (Trustees).	Annual structured sentiment analysis (Trustees).
Diversity Definition	Representation % at board and executive levels.	Diversity and inclusion (%), pay equality (%), wage level (%), training provided (#, $).
External Managers	Part of formal scoring process, can be a deal breaker if perceived as counter-culture.	Engages with manager on proactive steps to take to deliver on clients' EDI priorities.

Source: adpated from Investor Leadership Network, 2021

Conclusion

Image source: Simon Seregi, Unsplash

Thanks to many pioneers in the field, Australian investor interest in gender over the last few years has been taken from a state of "off" to "on".

Parts of the market have been mobilised while others are still warming up or are yet to be built. We are still a long way from optimal levels on gender and diversity in Australia but everything done so far is leading us toward better investment practices and greater gender equity.

This Report and associated Roadmaps have aimed to provide a snapshot of what is happening globally that could be adapted for Australia, and some existing activity that is already occurring. Investors have a lot of power and many tools to bring about change through the investment process. What the Report also shows is that intentionally directing capital and purposefully considering gender and diversity throughout the investment process can lead to better financial returns, now and into the future.

Many investors say they don't know where to start on their GLI journey. This Report shows there are many paths to improving gender and diversity outcomes across internal organisational structures and policies, investment processes and through influencing systems. The best place to start is from wherever you are now. So, find where you are on the Roadmap, and take that next step.

Appendix A

Report Methodology

image source: Trevar Skillicorn Chilver

Report methodology

The project adopted a mixed methods approach to conduct research and data collection by incorporating two primary methods:

- Information gathering: a focused narrative literature review on contemporary GLI practice globally and region-specific.

- Qualitative and Quantitative analysis: virtual interviews with identified key informants; a survey of key Australian impact investing actors; analysis and development of case studies to inform the GLI Roadmaps.

This research involved analysing the experiences across other GLI markets to inform the Roadmap for Australia's market. The project includes data from organisations that have deployed (or are likely to deploy) capital with a 'gender lens'.

As part of the research process, the team evaluated multiple definitions of gender lens investing. The aim in this consideration was to use a definition that we believed would best resonate with Australian investors in the context of the relative maturity of our market.

Information gathering (secondary research approach)

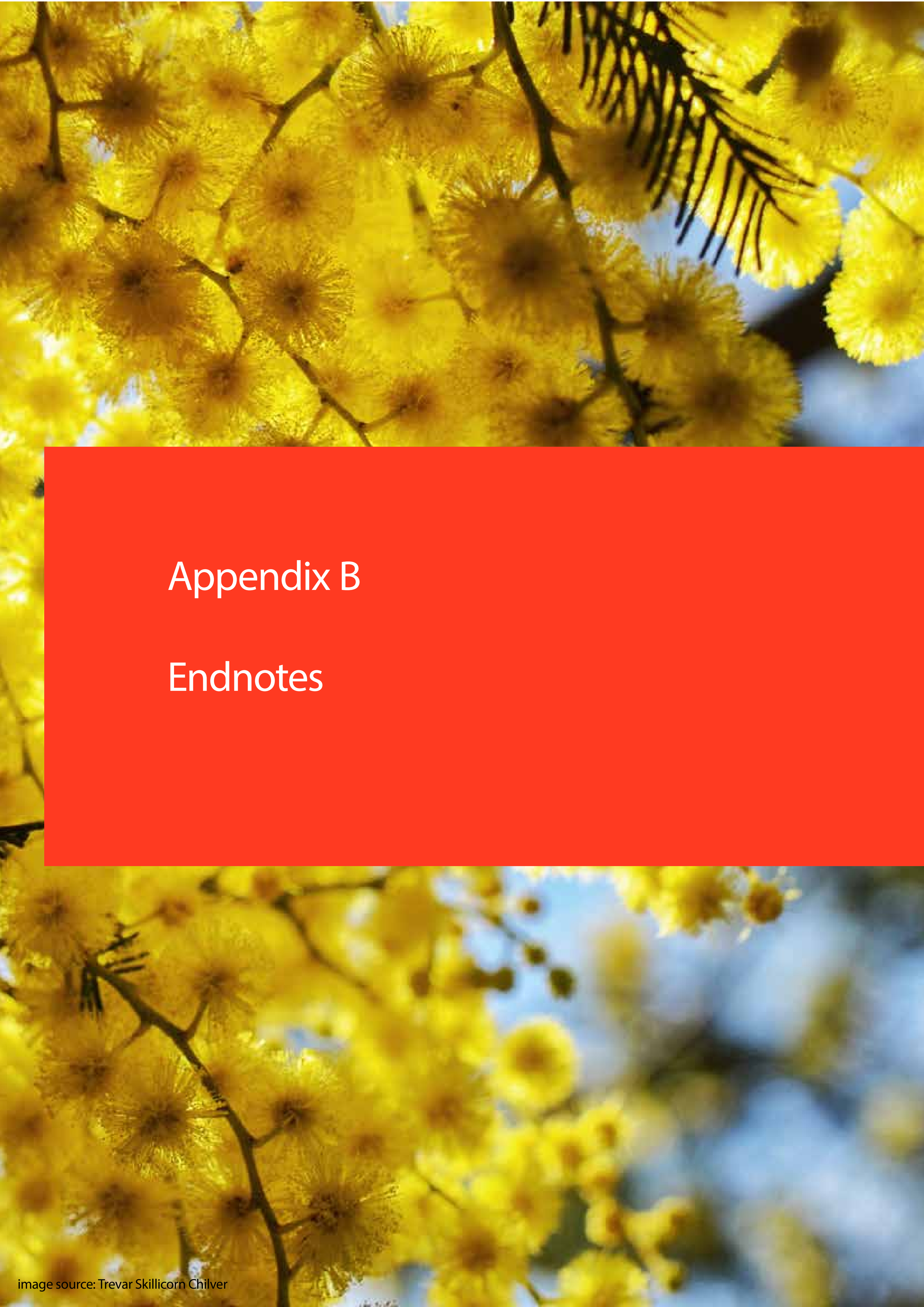
The desktop literature review of contemporary GLI practice covered how current practice is considered and operationalised. The primary objective of this review was to provide a stocktake of what the key findings have been over time as well as future forecasting and trends to inform the final GLI Roadmaps for Australia. This research has ultimately provided a baseline understanding of current GLI practice, successes, challenges, future opportunities, and key learnings that could be applicable to strengthening the Australian GLI landscape.

The selection of key GLI literature involved desktop research of publicly available research reports and publications published in the last five years. Each resource was selected in terms of its:

- regional or market relevance,
- target investment community audience,
- key purpose or focus (i.e. toolkit, roadmap, resource).

Qualitative and quantitative analysis

This phase of the project involved identifying and developing a deep understanding of the key players and how they have operationalised GLI into their work. Data collection included selecting appropriate case studies and examples of effective frameworks and tools that could benefit the Australian context.



Appendix B

Endnotes

image source: Trevar Skillicorn Chilver

Endnotes

1 Hunt V, Prince S, Dixon-Fyle S, and Yee L, Delivering Through Diversity, McKinsey & Company, 2018.
2 Private Equity and Value Creation – A Fund Manager's Guide to Gender-Smart Investing, CDC Group and International Finance Corporation, 2020, p 7.
3 Cassells R and Duncan A, Gender Equity Insights 2020: Delivering the Business Outcomes, BCEC|WGEA Gender Equity Series, Issue #5, March 2020.
4 The Gender Advantage: Integrating Gender Diversity into Investment Decisions, Morgan Stanley, 2019.
5 Managing the next decade of women's wealth, Boston Consulting Group, 2020.
6 Racial Equity Investing, Morgan Stanley, 2020.
7 Hunt V, Prince S, Dixon-Fyle S, and Yee L, Delivering Through Diversity, McKinsey & Company, 2018
8 Ibid.
9 Project Sage 3.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2020.
10 Deep Dive on Gender Lens Funds, Phenix Capital Group, 2021.
11 This represents vehicles including US and emerging markets funds, private financial institution bond issues, development finance institution (DFI)-backed bonds, US notes and certificates, and a lending platform.
12 Smucker M and Atherton A, Gender Lens Investing Q2 2021 Quarterly Review, Parallelle Finance LLC, 2021.
13 Project Sage 3.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2020.
14 Project Sage 4.0 Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2021.
15 Ibid.
16 Deep Dive on Gender Lens Funds, Phenix Capital Group, 2021.
17 Ruiz Carlile L and Pyott A, Gender Lens Investing: Bending the Arc of Finance for Women and Girls, Veris Wealth Partners, 2018.
18 Project Sage 4.0 Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2021.
19 'Goal 5: Achieve gender equality and empower all women and girls', United Nations Sustainable Development Goals, https://www.un.org/sustainabledevelopment/gender-equality/
20 The Global Gender Gap Report 2021, The World Economic Forum, 2021.
21 Project Sage 3.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2020.
22 GLI Strategies for Families, The ImPact, 2018.
23 Private Equity a Value Creation – Fund Manages Guide to Gender-Smart Investing, CDC & IFC, 2020.
24 How to Upgrade your Due Diligence with a Gender Lens, Joy Anderson & Suzanne Biegel, 2015.; GLI Strategies for Families, The ImPact, 2018, p 3.; Private Equity a Value Creation – Fund Manages Guide to Gender-Smart Investing, CDC & IFC, 2020, p 11.; Investor Toolkit with a Focus on Young Girls and Young Women, Spring Accelerator, 2019.
25 Just Good Investing, Calvert Impact Capital, 2018, p5. GLI Strategies for Families, The Impact, 2018, p3.
26 The Rise of Gender Lens Investing, Tribe Impact Capital, Fall 2018, p 1.
27 Gender Lens Investing: Bending the Arc of Finance for Women and Girls, Veris Wealth Partners, Fall 2018, p 2.
28 Project Sage 3.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2020, p 9.
29 Private Equity a Value Creation – Fund Manages Guide to Gender-Smart Investing, CDC & IFC, 2020.

Endnotes

30 Novacek G, Lee J, and Krentz M, It's time to reimagine diversity, equity, and inclusion, Boston Consulting Group, 2021.

31 Adapted by IIA from Exhibit 3 in BCG "It's time to re-imagine diversity, equity and inclusion" May 2021. Originally derived from BCG Global Diversity and Inclusion Assessment for Leadership (DIAL) survey 2020; BCG Global Diversity, Equity, and Inclusion Survey 2021; and BCG analysis.

32 Percentage who selected "too much" or "far too much" in response to the question "In general, would you say that your company is doing too much or too little to advance diversity and inclusion at your company?"

33 Percentage who agreed or strongly agreed with the statement "There are parts of my job where it is not necessarily important to have diversity."

34 Percentage who agreed or strongly agreed with the statement "Too many differences in opinions or working styles can lead to longer work hours or less efficiency."

35 Applying intersectionality, Commission for Gender Equality in the Public Sector, Victoria, www.genderequalitycommission.vic.gov.au/applying-intersectionality, accessed 19 February 2022

36 This example of the importance of intersectionality in addressing multivariate forms of diversity is taken from the book 'Feminist Theory: From Margin to Center' by bell hooks, 1984.

37 R D'AlmadaRemedios, D Groutsis, A Kaabel, and J O'Leary, Counting Culture: Towards a Standardised Approach to Measuring and Reporting on Workforce Cultural Diversity in Australia, Diversity Council Australia, Sydney 2021. p 20.

38 ABS, Labour Force, Detailed - Electronic Delivery, Feb 2017, cat. no. 6291.0.55.001, 12-month average of original data, persons aged 15 years and over.

39 Women in the Workplace 2021, McKinsey & Company, September 2021.

40 Impact Investing Australia, 2021.

41 Hunt V, Prince S, Dixon-Fyle S, Yee L, Delivering Through Diversity, McKinsey & Company, 2018.

42 Crenshaw, Kimberle, "Demarginalizing the Intersection of Race and Sex: A Black Feminist Critique of Antidiscrimination Doctrine, Feminist Theory and Antiracist Politics," University of Chicago Legal Forum: Vol. 1989: Iss. 1, Article 8.

43 Women rule banking in Thailand as men find it boring, Mint, March 2017, www.livemint.com/Industry/jSGeFc8kCFV8Cl7lCPCd3M/Women-rule-banking-in-Thailand-as-men-find-it-boring.html

44 Women in Business 2019 Report: Encouraging Signs in Thailand, Though Equal Representation Remains Elusive, Grant Thornton, 2019.

45 The Power of Parity: How advancing women's equality can add $12 trillion to global growth, McKinsey Global Institute, September 2015, p 1.

46 The Rise of Gender Lens Investing, Tribe Impact Capital, Fall 2018, p 2.

47 Progress of the world's women 2015-2016: Transforming economies, realizing rights, UN Women, 2017.

48 The Rise of Gender Capitalism, The Stanford Social Innovation Review, 2014, p3.

49 Impact Investing Australia, 2021.

50 Hunt V, Prince S, Dixon-Fyle S, and Yee L, Delivering Through Diversity, McKinsey & Company 2018.

51 Gender Lens Investing: How Finance Can Accelerate Gender Equality in Latin America and the Caribbean, IDB Invest, March 2019.

52 Cassells R and Duncan A, Gender Equity Insights 2020: Delivering the Business Outcomes, BCEC, WGEA Gender Equity Series, Issue #5, March 2020.

53 Gender Lens Investing: How Finance Can Accelerate Gender Equality in Latin America and the Caribbean, IDB Invest, March 2019.

54 The Gender Advantage: Integrating Gender Diversity into Investment Decisions, Morgan Stanley, 2019, p 3.

55 Women's Wealth 2030: Parity, power and purpose, UBS, March 2021.

56 Managing the next decade of women's wealth, Boston Consulting Group, 2020.

Endnotes

57 Harnessing the power of women investors in wealth management, EY, 2016.

58 Managing the next decade of women's wealth, Boston Consulting Group, 2020.

59 Ibid.

60 Private Equity and Value Creation – A Fund Manager's Guide to Gender-Smart Investing, CDC Group and International Finance Corporation, 2020, p 7.

61 Ibid.

62 Racial Equity Investing, Morgan Stanley, 2020.

63 Ibid.

64 New study shows diverse-owned companies represent a small fraction of the asset management industry despite equal performance, Knight Foundation, 2019.

65 Hunt V, Prince S, Dixon-Fyle S, and Yee L, Delivering Through Diversity, McKinsey & Company 2018.

66 Ibid.

67 The Global Gender Gap Report 2021, The World Economic Forum, 2021.

68 Impact Report: Deep Dive on Gender Lens Funds, Phenix Capital Group, 2021.

69 Smucker M and Atherton A, Gender Lens Investing Q2 2021 Quarterly Review, Parallelle Finance LLC, 2021

70 Ibid.

71 This represents vehicles including U.S. and emerging markets funds, private financial institution bond issues, development finance institution (DFI)-backed bonds, U.S. notes and certificates, and a lending platform.

72 Smucker M and Atherton A, Gender Lens Investing Q2 2021 Quarterly Review, Parallelle Finance LLC, 2021

73 Project Sage 3.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2020.

74 The Time is Now: 2020-2021 Impact Report, Veris Wealth Partners, 2021, p 13.

75 Project Sage 4.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2021.

76 Ibid.

77 All these funds have gender as either the top or one of the top 4 impact priorities. Root Capital and YellowDog target regions beyond SEA but we have included them as they are active in SE Asia. Teja Ventures expects to start raising for a US$50m fund later this year. SWEEF spun out of SEAF earlier this year and is now in the process of Capital raising as an independent entity.

78 Project Sage 3.0 Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2020.

79 Small Enterprise Assistance Funds 2018, licenced for use by Sweef Capital, www.sweefcapital.com/women-southeast-asia/, accessed 25/11/2021.

80 Ibid.

81 Gender Lens Investing Landscape – East and SouthEast Asia, Sasakawa Peace Foundation, Catalyst at Large, Sagana, 2020, p 14.

82 Project Sage 4.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2021.

83 Ibid.

84 The Time is Now: 2020-2021 Impact Report, Veris Wealth Partners, 2021, p 11.

85 Ruiz Carlile L and Pyott A, Gender Lens Investing: Bending the Arc of Finance for Women and Girls, Veris Wealth Partners, 2018, p 8.

86 Investing to Advance Women: A guide for Investors, US SIF Foundation, 2020, p 11.

87 Workplace Equity Disclosure Statement, As You Sow, January 2022, https://www.asyousow.org/our-work/genderworkplace-equity-disclosure-statement, accessed 27/11/2021.

88 Project Sage 3.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2020.

Endnotes

89 GenderSmart Regional Brief: Southeast Asia and Asia Pacific, GenderSmart, 2020, p 5.

90 Ruiz Carlile L and Pyott A, Gender Lens Investing: Bending the Arc of Finance for Women and Girls, Veris Wealth Partners, 2018, p 8.

91 Women in the Workplace 2021, McKinsey & Company and Leanin, 2021.

92 Not all gaps are created equal: the true value of care work. Oxfam International 2021.

93 Unpaid care work and the Labpur Market, Insight Paper, Workplace Gender Equality Agency, 2017.

94 Building Forward Fairer: Women's rights to work and at work at the core of the COVID-19 recovery, International Labour Organisation, Policy Brief, July 2021.

95 Early super release providing critical support to women but widening gender super gap, AMP, 2020, accessed 29/05/2021.

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

97 Investments enabling girls to complete secondary education could boost GDP in emerging economies by 10%, Plan International, 29th October, 2020, accessed 07/04/21.

98 'Experts warn COVID-19 could send Closing the Gap targets backwards with data on Indigenous boarding school attendance 'unclear'', Australian Broadcasting Corporation, 18 September, www.abc.net.au/news/2021-09-18/covid-impact-on-closing-the-gap-indigenous-education-data/100471612, accessed 9/11/21.

99 'Investments enabling girls to complete secondary education could boost GDP in emerging economies by 10%', Plan International, 29th October 2020, accessed 07/04/2021.

100 The Facts About Women and Super, Women In Super (WIS), 2021.

101 Davison J, Brackertz N and Alves T, Return on investment for social housing in the ACT, Report prepared for ACT Shelter, Australian Housing and Urban Research Institute, Melbourne, 2021.

102 Gender-Based Impacts of COVID-19, Equity Economics and Development Partners, 2020, p 2.

103 GLI Research Interview with Brightlight, conducted 25 August 2021.

104 GLI Research Interview with Conscious Investment Management, conducted 5 August 2021.

105 Ahmed N, An Unapologetic Old Boys Network is costing Australia Billions, Bloomberg News, September 2021

106 Ibid.

107 Project Sage 3.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2020.

108 Project Sage 4.0 Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2021.

109 Ibid.

110 'Manel' is a term often used in a derogatory manner to describe all male panels. We have adopted 'Wanel' to refer to all women panels.

111 GLI research interview with Richard Brandweiner, Pendal CEO, conducted 19 October 2021

112 It's Time For a Due Diligence Upgrade, Due Diligence 2.0, www.duediligencecommitment.com, accessed 24/11/2021.

113 Project Sage 4.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens, Wharton Social Impact Initiative, Catalyst at Large, 2021.

114 We have avoided using the term "gender washing" as the authors have a strong aversion to both washing and the connection to gender.

115 Private Equity and Value Creation: A Fund Managers Guide to Gender-Smart Investing, CDC and IFC, 2020.

116 Ruiz Carlile L and Pyott A, Gender Lens Investing: Bending the Arc of Finance for Women and Girls, Veris Wealth Partners, 2018.

Endnotes

117 Private Equity and Value Creation: A Fund Managers Guide to Gender-Smart Investing, CDC and IFC, 2020

118 Gender Lens Investing: The case for empowering women, AgDevCo, UK, 2018.

119 Moving Toward Gender Balance in Private Equity and Venture Capital, IFC, 2019.

120 How to Invest with a Gender Lens; A guide for investors in Emerging Markets, Value for Women, Investing in Women, Australian Aid, 2020.

121 Fund managers' guide to gender-smart investing, Private Equity and Value Creation: A Fund Managers Guide to Gender-Smart Investing, CDC and IFC, 2020.

122 Ibid.

123 Sasakawa Peace Foundation, Press Release, July 2021

124 2020 Sustainability Disclosure: Reporting under the SASB Standards and Management Criteria, BlackRock, 2020.

125 Enhancing Diversity Disclosures, US EEO-1 Reporting - September 2021, BlackRock, 2021.

126 BlackRock Inc. Profile, Reuters, 2022, www.reuters.com/companies/BLK.N/profile

127 QBE Gender Equality Bond Framework',www.qbe.com/investor-relations/debt-investor-centre/debt-investor-centre/social-bonds.

128 Lang K, Humphreys J and Electris C, Investing for Positive Impact on Women, Integrating Gender into Total Portfolio Integration, Croatan Institute, 2015.

129 Gender Lens Investing: How Finance Can Accelerate Gender Equality in Latin America and the Caribbean, IDB Invest, March 2019.

130 The Gender Advantage: Integrating Gender Diversity into Investment Decisions, Morgan Stanley, 2019, p 3.

131 Gender Equality, Department of Foreign Affairs and Trade, www.dfat.gov.au/international-relations/themes/gender-equality.

132 Workplace Gender Equality Act 2012, www.legislation.gov.au/Details/C2016C00895.

133 Investing for Positive Impact on Women: Integrating Gender into Total Portfolio Activation, 2015.

134 Diversity Disclosure, What the European Capital Markets Industry Publicly Discloses About Diversity, New Financial, September 2015.

135 US Equal Employment Opportunity Commission: Overview, US EEOC, www.eeoc.gov/overview

136 Overview of the Pay Equity Act, Government of Canada, www.canada.ca/en/services/jobs/workplace/human-rights/overview-pay-equity-act.html

137 Gender Pay Gap Reporting: Guidance for Employers, Government Equalities Office, UK Government, www.gov.uk/government/collections/gender-pay-gap-reporting.

138 International Gender Equality Reporting Schemes, Workplace Gender Equality Agency, April 2019, www.wgea.gov.au/publications/international-gender-equality-reporting-schemes, accessed on 03/02/2022.

139 Ibid.

140 Ibid.

141 Ibid.

142 Ibid.

143 Ibid.

144 Ibid.

145 Review of Workplace Gender Equality Act, Department of Prime Minister and Cabinet, October 2021, www.pmc.gov.au/news-centre/office-women/review-workplace-gender-equality-act.

146 Glennie M, von Reibnitz A, William J, Curtis S, Bordia S, Gender pay gap reporting in Australia: Time for an upgrade, Global Institute for Women's Leadership, Australian National University, and King's College London, October 2021.

147 Ibid.

148 Hunt V, Prince S, Dixon-Fyle S, Yee L, Delivering Through Diversity, McKinsey & Company, 2018.

Endnotes

149 Fouche, G, Amen to that: Norway's wealth fund boss preaches sustainable finance in church, 18 August 2021, Reuters.

150 Fitzsimmons T, Study reveals Australia is only one of three countries to exceed 30% women on company boards, The University of Queensland, 30 July 2021.

151 The economic empowerment of women in entrepreneurs in a post-COVID world, G20 Insights, October 2021.

152 Do women have equal access to finance for their business?, OECD, 2017, www.oecd.org/gender/data/do-women-have-equal-access-to-finance-for-their-business.htm.

153 Creating a more inclusive economy: Practical insights from global institutional investors, Investor Leadership Network, June 2021.

Appendix C

Abbreviations

image source: Trevar Skillicorn Chilver

Abbreviations

AICD	Australian Institute of Company Directors
APAC	Asia Pacific
ASEAN	The Association of South East Asian Nations
AUM	Assets Under Management
AWIF	Asia Women Impact Fund
BCG	Boston Consulting Group
BOMF	Blue Orchard Microfinance Fund
CALD	Culturally and Linguistically Diverse
CDC (UK)	Commonwealth and Development Office
CEW	Chief Executive Women
CGAP	Consultative Group to Assist the Poor
CTA	Call to Action
DEI	Diversity, Equity and Inclusion
DFAT	Department of Foreign Affairs and Trade
DFI	Development Financial Institutions
EDI	Equity, Diversity and Inclusion
EEO	Equal Employment Opportunity
EMIIF	Emerging Markets Impact Investment Fund
ESG	Environment, Social and Governance
ETF	Exchange Traded Fund
EU	European Union
FIAP	Financial Inclusion Action Plan
FTE	Full Time Equivalent
FM	Fund Manager
FO	Family Office
G7	Group of Seven
GDP	Gross Domestic Product
GEI	Gender Equality Index
GIIP	Gender Investment and Innovation Platform
GIWL	Global Institute for Women's Leadership
GLEF	Gender Lens Equity Fund
GLI	Gender Lens Investing
GLIA	Gender Lens Incubation Accelerator
GP	General Partner
HNW	High Net Worth
IC	Investment Committee
IFC	International Finance Corporation
ILN	Investment Leadership Network
ILPA	Institutional Limited Partners Association
IMA	Investment Management Agreement
IMP	Impact Management Project
JAWEF	Japan ASEAN Woman's Empowerment Fund
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
KPI	Key Performance Indicator
KYC	Know Your Client
LGBTIQA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual
LP	Limited Partner
MDB	Multilateral Development Bank
MFI	Microfinance Institutions
NFP	Not For Profit
PD	Professional Development
PE	Private Equity
PMC	Department of the Prime Minister and Cabinet
POC	People of Colour
PRI	Principles of Responsible Investment
REI	Racial Equity Investing
RFP	Request for Proposal
SDG	UN Sustainable Development Goals
SEA	South East Asia
SEC	Securities Exchange Commission
SLT	Senior Leadership Team
SMART	Specific, Measurable, Attainable, Relevant, Time-bound
SME	Small to Medium sized Enterprises
SPF	Sasakawa Peach Foundation
SVA	Social Ventures Australia

Abbreviations

TA	Technical Assistance
TOC	Theory of Change
TRS	Teachers Retirement Services
VC	Venture Capital
WEP	UN's Women Empowerment Principles
WIL	Women In Leadership
WM	Wealth Manager