MASTERARBEIT / MASTER’S THESIS

Titel der Masterarbeit / Title of the Master‘s Thesis

„Investing with Impact: The Case of Gender Lens Investing for Non-Professional Investors“

verfasst von / submitted by

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angestrebter akademischer Grad / in partial fulfilment of the requirements for the degree of

Master of Arts (MA)

Wien, 2023 / Vienna 2023

Studienkennzahl lt. Studienblatt / degree programme code as it appears on the student record sheet:	UA 066 589
Studienrichtung lt. Studienblatt / degree programme as it appears on the student record sheet:	Masterstudium Internationale Entwicklung
Betreut von / Supervisor:	Mag.a Dr.in Sabine Prokop

Abstract

This thesis investigates the transformative potential of gender lens investing (GLI) as a tool for promoting gender equality in the economy, as it is a new investment paradigm that considers gender-related indicators in addition to traditional business performance metrics. This study highlights the need to mainstream the practice among non-professional investors. It seeks to answer the question of how retail investors can identify gender-equitable companies based on publicly available information.

An analysis of the European Union's Non-Financial Reporting Directive (NFRD) and Corporate Sustainability Reporting Directive (CSRD) revealed that the CSRD's mandatory reporting requirements on various aspects of gender equality could trigger a paradigm shift in the financial markets and enable non-professional investors to access relevant gender metrics. Through a thematic analysis of practical gender equality frameworks and expert interviews, relevant criteria for evaluating a company's gender equity were identified. Finally, the thesis presents a practical strategy for non-professional investors to select gender-equitable investments based on publicly available information. The study underscores the need for continued dialogue and collaboration between the Global North and the Global South, and the importance of retaining the political and feminist agendas in GLI.

Keywords: Gender Lens Investing, Gender Smart Investing, Impact Investing, Sustainability Reporting, Reporting Standards, Non-Professional Investors, Socially Responsible Investments, Critical Gender Theory

Abstract (German)

In dieser Arbeit wird das transformative Potenzial von Gender Lens Investing (GLI) als Instrument zur Förderung von Geschlechtergerechtigkeit untersucht. Es handelt sich um ein neues Investitionsparadigma, das zusätzlich zu den traditionellen Kennzahlen gender-relevante Indikatoren berücksichtigt. Die Masterarbeit unterstreicht die Notwendigkeit, diese Praxis bei nicht-professionellen Investor:innen zu etablieren. Sie beantwortet die Frage, wie Kleinanleger:innen auf der Grundlage öffentlich zugänglicher Informationen geschlechtergerechte Unternehmen identifizieren können.

Die Analyse der Richtlinie der Europäischen Union zur nichtfinanziellen Berichterstattung (NFRD) und der Richtlinie zur Nachhaltigkeitsberichterstattung von Unternehmen (CSRD) kommt zu dem Ergebnis, dass die verpflichtenden Berichterstattungsanforderungen der CSRD zu verschiedenen Aspekten der Geschlechtergleichstellung einen Paradigmenwechsel auf den Finanzmärkten auslösen und nicht-professionellen Anleger:innen den Zugang zu relevanten geschlechtsspezifischen Kennzahlen ermöglichen könnten.

Durch eine thematische Analyse praktischer Rahmenwerke zur Bewertung geschlechtergerechter Organisationen und Expert:inneninterviews wurden relevante Kriterien für die Bewertung der Geschlechtergerechtigkeit eines Unternehmens ermittelt. Schließlich wird in der Arbeit eine praktische Strategie für nicht-professionelle Anleger:innen zur Auswahl geschlechtergerechte Investitionen auf der Grundlage öffentlich zugänglicher Informationen vorgestellt.

Die Studie unterstreicht die Notwendigkeit eines kontinuierlichen Dialogs und der Zusammenarbeit zwischen dem Globalen Norden und dem Globalen Süden sowie die Bedeutung der Beibehaltung der politischen und feministischen Agenden in GLI.

Schlagwörter: Gender Lens Investing, Gender Smart Investing, Impact Investing, Nachhaltigkeitsberichterstattung, Berichtsstandards, Kleinanleger:innen, sozial verantwortliche Investitionen, Kritische Gender Theorie

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List of Abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTO	Chief Technical Officer
DFIs	Development Finance Institutions
EFRAG	European Financial Reporting Advisory Group
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
G7	The international Group of Seven (body of the world's seven most important industrialized nations: Germany, France, Great Britain, Italy, Japan, Canada and the USA)
GIIN	Global Impact Investing Network
GLI	Gender Lens Investing
GRI	Global Reporting Initiative
HR	Human Resources
IMM	Impact Measurement and Management
IRIS+	Impact Reporting and Investment Standards
KPIs	Key Performance Indicators
LGBTIQ+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and more
NFRD	Non-Financial Reporting Directive
OECD	Organisation for Economic Co-operation and Development
PRI	Principles for Responsible Investment
ROI	Return on Investment

SASB	Sustainability Accounting Standards Board
UNRISD	United Nations Research Institute for Social Development
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WEPs	Women's Empowerment Principles

Preface

“Feminist objectivity means quite simply *situated knowledges*.” (Haraway 1988: 581, emph.i.o.)

In academic knowledge production, the questions of objectivity and how it can be guaranteed always arise in one form or another. I, too, asked myself this question when writing this master's thesis. According to Donna Haraway, a US-American feminist scholar and cultural critic, the only approach to objectivity is to reflect, acknowledge, and disclose one's position. For, only the ones who reflect what they *cannot* know can know anything at all (Haraway 1988: 582f.). Here, as is generally said in the social sciences, it is important to remember that one is never an objective observer but inevitably part of the observed.

Thus, I do not pursue the claim of universal objectivity but see the greatest added value and the only access to objectivity in the critical consideration of one's positionality as the author (Haraway 1988: 589). For this reason, I will critically reflect on my positioning and the resulting approach to my research in the following. My socio-cultural and geo-political background inevitably influences my choice of study in general and the choice of topic for my master's thesis in particular. The topic of my research is gender lens investing (GLI) and how it can be made more accessible to retail investors. The specific goal of the master thesis is to provide non-professional investors with a simple strategy for selecting gender-equitable investments based on publicly available information. In the course of the research, the term ‘gender-equitable’ will be further specified by analyzing the gender dimension of established initiatives and standards in the context of sustainable investing and by conducting expert interviews on this topic.

As a woman and a feminist, I always strive to align my actions and research to serve the equality of all genders. Against the background of gendered economic inequality—which manifests itself not only in unequal income relations, unequal distribution of reproductive work, and unequal access to the labor market but also in unequal distribution of wealth as well as unequal access to financial markets—it seems to me personally desirable to promote women's participation in the capital market and to create conditions for directing capital flows into gender-equitable investments. Despite the pragmatic assumption that the economic and financial system will not change fundamentally in the coming years, I nevertheless believe in the potential of economic and political transformation processes. Changing the criteria on which investment decisions are based, in my view, can drive positive change. Namely, a shift towards an impact economy, where the focus is not only on financial returns as in the traditional capitalist economy but where companies generate their profits in a way that contributes to the common good.

However, I am also aware that certain social structures and trends are contributing to my involvement with the topic of finance. Dwindling social security and increasing privatization mean that more and more people have to take care of their financial security. In particular, poverty in old age, which affects women disproportionately, increases the pressure to make private provisions after earning enough money at all. My interest in the topic is thus also an expression of financialization since financial logics play an increasingly important role in the everyday lives of individuals (Epstein 2005: 3)—including me. Moreover, I grew up in a neoliberal society and thus am not immune to neoliberal narratives such as performance thinking and individualism. This is probably one of my blind spots since demands for freedoms and self-determination correspond to feminist critique on the one hand but are also in line with neoliberal ideologies on the other. The American feminist philosopher Nancy Fraser has very poignantly pointed out that feminist critique is often appropriated by neoliberalism, linking women's emancipation with capital accumulation (Fraser 2013: 30). Here, then, my challenge is to preserve the pursuit of emancipation as an end in itself and not run the risk of unconsciously arguing solely in terms of the logic of capital accumulation. In this tension lie oppression and privilege at the same time. In my position as a woman, I strive for a systemic change that breaks away from patriarchal patterns in which women in general, but also, I personally, occupy a more just position. At the same time, embracing neoliberal narratives (whether it happens consciously or unconsciously) is a privilege because I belong to the social group that globally benefits from the existing economic and financial system.

Through my studies in International Development and a variety of experiences abroad—especially in Sub-Saharan Africa—I am aware of my privileges in this world and try to contribute to strengthening equal opportunities and combating the effects of climate change through my reflections and actions. In doing so, I care deeply about considering problems in their global interconnectedness and incorporating various dimensions of inequality in finding solutions. However, this strong sense of and desire for global justice is inseparable from my role in our system. I am white and European and thus privileged. Ultimately, it is a privilege to think about investments because they require money that is not needed for subsistence and can be invested. I have learned that the wealth of the Global North comes from unjust practices of the past and power dynamics that perpetuate the status quo in the present. For me, the question then becomes, what role can I play without perpetuating existing injustices? This question is particularly difficult for me to answer because, although in a global context, I was born into a privileged position, I do not have a privileged background within a rich society. Thus, I did not enjoy access to capital or financial education from my parents' home. This background explains, at least to some extent, my belief that long-term wealth accumulation through investment should be accessible to everyone.

In summary, my approach to this master's thesis and the research topic is not a one-dimensional one but an intersectional one. It is always different experiences and perspectives that shape a personal positioning (Haraway 1988: 586). I am shaped by different privileges and disadvantages, which intertwine, and all give me a specific perspective on different dimensions of inequality.

At this point, I would like to thank all those who supported and motivated me during the preparation of this master thesis.
First and foremost, I would like to thank Sabine Prokop for supervising and reviewing my master thesis. I would like to express my gratitude for the helpful suggestions and constructive criticism provided during the preparation of this thesis. I also thank my co-supervisor, Fabian Scholda, who gave valuable inputs and introductions to potential interview partners.
A special thanks goes to all the interviewees, without whom this thesis would not have been possible. I appreciate their willingness to share information as well as their interesting contributions and responses to my questions.
I will always be grateful for the continuous financial and individual support I received during my studies from the Evangelisches Studienwerk Villigst. The scholarship allowed me to study with a sense of financial security and as part of a unique community of gifted and engaged students. I would not be where I am now if it was not for all the opportunities Villigst allowed me to seize.
Finally, I thank my partner for the emotional support and inspiring conversations on the potential of changing investment paradigms for a better world.

Thank you.

1. Introduction

Impact investing is a fairly new movement that has to be viewed in the context of the debate on private finance for sustainable development. The term 'impact investing' was first coined in 2007, and only recently, the scholarship on impact investing as an evolving investment strategy has been growing (Agrawal/Hockerts 2021: 154). Over the last decade, the impact investing sector has extended continuously, involving more and more investors, both institutional and private, specifically intending to create development outcomes next to a financial return. Impact investing describes an intentional investment in companies whose mission is to create social and/or environmental value. The Global Impact Investing Network (GIIN) suggests the following definition of impact investments:

> "Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. They can be across asset classes, in both emerging and developed markets, and target a range of returns from below-market to market-rate, depending on the investors' strategic goals." (Hand et al. 2020: 74)

The overall objective of transformational change is at the core of it (Busch et al. 2021). Gender lens investing (GLI) can be understood as a "burgeoning subset" (Hull 2021: 240) of the impact investing movement focusing on gender equitable outcomes. Most commonly, gender lens investors look at the internal policies of a company, how many women are represented on the board or in the management, as well as at the service/product offerings and whether they serve women and girls.

1.1. Research Gap and Research Question

Tia Subramanian, Arianna Muirow, and Joy Anderson, US-American gender researchers at the Criterion Institute, contribute to the field by applying gender theory to gender lens investing. After all, GLI is in its infancy and still has to move "from counting women to valuing gendered experience" (Subramanian et al. 2021). Nevertheless, impact investing (speaking: GLI) can be understood as a countermovement to an economy in which only business performance indicators count. Since the definition of impact investing clarifies that financial metrics are deliberately complemented by impact metrics, giving both metrics equal importance, the ultimate goal of the practice is a shift towards an impact economy (Schoenmaker 2020). Impact investing could represent a change in the existing way of doing business. While profit orientation is not completely overcome, it is at least put on a par with societal contribution (or impact) because, in terms of impact investing, an investment is only successful if both elements are present. Against the background that the mainstreaming of impact investing and GLI, respectively, could be a milestone on the way to a post-growth economy, this master thesis follows this purpose by filling a research gap and providing practical guidelines to build this new investment paradigm for retail investors. So far, non-professional investors are an overlooked group of investors when it comes to GLI. This investment type has traditionally been the realm of high-net-worth individuals, and institutional investors—excluding non-professional investors with smaller investment sums (Maheshwari et al. 2019: 20; Fernandez-Leenknecht 2021: 1138). To mainstream the practice, research has to shed light on these financial market actors since they may collectively pose a vehicle to drive the transformation: "Even though the influence of a single non-professional investor is not as high as that of a professional investor, they can create a collective power which should not be underestimated." (Hafenstein/Bassen 2016: 186)

Within the growing literature on impact investing in general and GLI specifically, there is detailed information on how to measure impact. One of the biggest challenges in the sector, however, is to agree upon standardized frameworks to measure and monitor impact (Busch et al. 2021: 10). In general, as Anirudh Agrawal and Kai Hockerts (2021: 155), two researchers at Copenhagen Business School, stress, there has been only little research conducted on impact investing, indicating a huge gap in knowledge production in the field. I argue that the emerging discussion of impact investing as a 'tool for development' must go beyond technocratic considerations of impact metrics or financial aspects and also allow for an alignment of theory with practice. The missing link for non-professional investors to adopt a gender lens are sophisticated recommendations on where the needed information can be retrieved and what indicators to consider. Despite a growing interest in the integration of gender equality considerations into investment decisions, non-professional investors still face multiple barriers, e.g., the unavailability of sustainability ratings and/or impact data, the confrontation with green-/pinkwashing practices, and information overload (Hafenstein/Bassen 2016: 190). Without evidence-based recommendations, this type of investing for good remains exclusive to a few. Instead, a democratization of the movement is vital to channel money toward sustainable development. A detailed literature review on the research field of GLI can be found in chapter 2.2. (A Research Field in the Making).

With the current legislation on corporate sustainability reporting (Corporate Sustainability Reporting Directive, CSRD), the regulatory landscape is changing within the European Union, which in turn, has implications for global corporate reporting practices. While these directives apply in the EU, because all those listed in Europe (falling under the directive) must adhere to them, they impact companies globally and shape the industry standards on a global scale. This CSRD was proposed on 21 April 2021 as an amendment to the existing corporate reporting requirements under the Non-Financial Reporting Directive (NFRD). Both directives define the scope of what sustainability-related information stock-listed corporates must disclose and in which manner. These regulatory changes could create more transparency for non-professional investors globally, as companies will have clearer guidance, and disclosures will be standardized. The thesis will therefore match analyses of disclosure requirements with analyses of gender equality evaluation methods common in the field of GLI to answer the following research question:

> *How can retail investors identify gender-equitable companies based on publicly available information so that gender lens investing becomes more accessible to them?*

One part of the thesis will provide an overview of gender-related indicators and information companies must disclose, that is, which information is publicly available to non-professional investors. Another part explores gender equality frameworks to identify, which indicators are relevant and meaningful to assess a company's gender equality. The global goal of this thesis is to provide non-professional investors with an integrated approach to easily identify companies suitable for investing with a gender lens.

The research on GLI is at the intersection of impact identification and the use of capital to advance the United Nations Sustainable Development Goals. Since the field-building process of GLI has been largely dominated by the Global North (Sarmento/Herman 2021: 200), the thesis is also contributing to the literature by incorporating expertise from the Global South[1]. While the regulatory aspects of the field are region-bound, it is important to involve experts from various backgrounds in the conceptualization of a gender equality impact framework. This is to be achieved not least through on-site expert interviews in South Africa, where the financial sector and banking system are well-matured. Moreover, the country is a pioneer in sustainability reporting, as already since 2010, all companies listed on the Johannesburg Stock Exchange are required to produce an integrated report, i.e., sustainability reporting should be integrated with the company's financial reporting (Stolowy/Paugam 2018: 526f.).

[1] Within its limited scope, this thesis draws upon expertise from South Africa in particular and does not claim to fully cover the state of research and practice in the Global South.

1.2. Methodological Approach and Sample

What is true for the personal expertise to be gathered also counts for the theoretical foundation of this work: I will adopt a transdisciplinary approach drawing upon theory from the field of sustainable investing, over development theory, to gender studies. This is due to the fact that "[f]eminist theory and gender studies more broadly can sharpen the critical framing of evaluation methods and tools" (Sarmento/Herman 2021: 213). Using the example of GLI as the idea to invest capital in addressing social issues, this thesis examines the potential and critiques of this concept. It aims to spotlight the practice in a nuanced way, shifting the gaze beyond the theoretical assessment, that is, looking at practical ways to open the space for non-professional investors. By thinking of regulatory requirements and gender equality evaluation methods in the corporate field together, we may widen the perception of the feminist yet finance-market-driven concept.

The research project was carried out using qualitative research methods, namely a comparative document analysis, problem-centered expert interviews and a thematic analysis. Due to the explorative approach, an iterative research procedure was applied. The following chart sums up the (sub)questions and used methods that will allow to answer the overall research question (*How can retail investors identify gender-equitable companies based on publicly available information so that gender lens investing becomes more accessible to them?*):

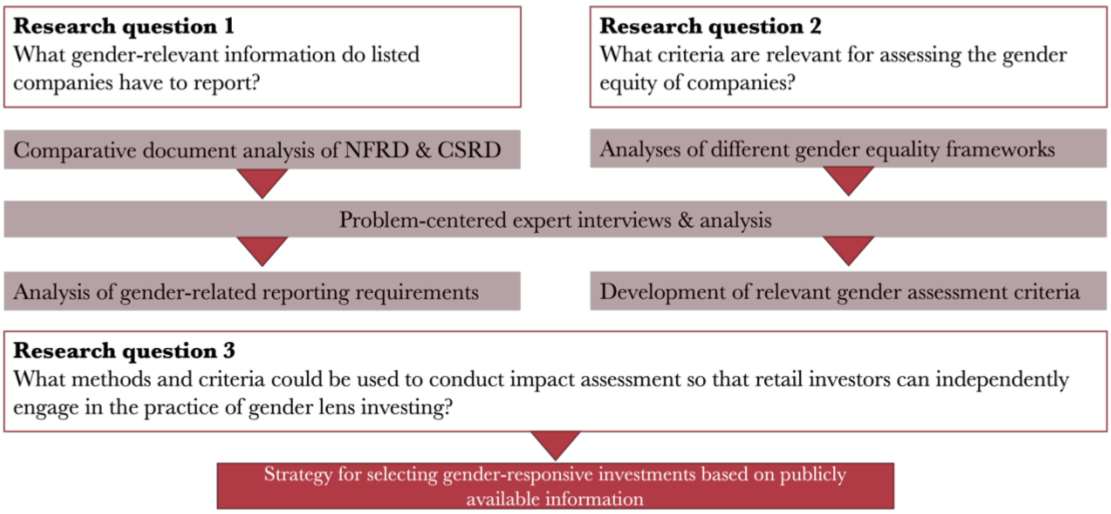

Figure 1: Research questions and methods used (K.H.)

To answer the first research (sub)question (*What gender-relevant information do listed companies have to report?*), a comparative document analysis of the gender dimension in the Non-Financial Reporting Directive (NFRD) and the proposed Corporate Sustainability Reporting Directive (CSRD) was conducted and revealed the material differences between them. It gave a tentative prognosis of future gender-related reporting requirements. Document analysis, a "systematic procedure for reviewing or evaluating documents" (Bowen 2009: 27), is a method that is applicable when documents such as institutional files are the relevant data source. Generally speaking, the analysis requires finding, selecting, and synthesizing data contained in documents, i.e., making sense of it (ibid.: 28). Where various documents on a particular issue are accessible, a comparative document analysis can be conducted as a means of identifying changes and developments over time (ibid.: 30). This is particularly useful in the case of the EU reporting directives, as they inherently represent changes in regulation, which at the same time reflects political priorities in a certain point of time. Accordingly, a comparative document analysis points out the different understandings of what is considered material to foster gender equality in organizations. The documents used for the analysis are the official legislative documents, including the NFRD (NFRD 2014) along with the Guidelines on non-financial reporting (European Commission 2017) and the Commission's proposal for the CSRD (European Commission 2021b). Additionally, the final Draft European Sustainability Reporting Standards (ESRS) (as of November 2022) prepared by the European Financial Reporting Advisory Group (EFRAG) form the basis for the analysis. It is important to note that the aforementioned standards subject to the analysis are draft standards, i.e., they do not reflect the European Union's position but will inform the upcoming standard-setting. At the time of writing (January 2023), the final standards were not available. Nevertheless, the final draft ESRS allow for a clear indication of the scope and contents that are likely to be covered by the final standards. Detailed excerpts from the legislative documents and draft standards used for the analysis can be found in Appendix A.

To answer the second research (sub)question (*What criteria are relevant for assessing the gender equity of companies?*), a thematic analysis (2006) after the two psychologists Virginia Braun and Victoria Clarke from New Zealand and the UK was conducted. The basis for the analysis were the insights from expert interviews and two gender equality frameworks that exemplify the practical implementation of gender equality efforts in the investment industry. The insights and perspectives of experts and practitioners in the gender lens investing (GLI) field that complemented and contextualized the data from the frameworks were gained using the method of problem-centered expert interviews. The problem-centered interview is a "qualitative, discursive-dialogic method of reconstructing knowledge about relevant problems" (Witzel/Reiter 2012: 4). The 'problem' that is at the center of this interview method refers to a specific research question, not a problem in the sense of a problematic issue (ibid.). The problem-centered interview was identified as the genuine, suitable method for this thesis since the aim of the thesis was to explore practical ways to make GLI more accessible to non-professional investors. The research question refers to a problem that requires both expertise and experience, and for this reason, it cannot be answered without also interviewing experts in the field. The problem-centered interview thereby is a suitable way of doing expert interviews (Witzel/Reiter 2012: 33). It involves curiosity and a certain prior knowledge from the side of the interviewer (ibid.: 10). While entering the dialogue with a basis of prior knowledge, it remains open to modification and adjustment—in the sense of the principle of process orientation that is characteristic for the problem-centered interview (ibid.: 27). Another major principle, the principle of problem centering, has the purpose of facilitating "a conversation structure that helps to uncover the actual perspectives of individuals on a particular problem in a systematic and dialogical way" (ibid.: 24). Thus, the interview questions were kept as open-ended as possible but still along some structure that emerged from the central problem.

A total of three types of expertise was considered for the sample: (1) gender lens investors, incl. impact investment firm, angel investor (I. 2; I. 3), (2) experts from advisory firms helping organizations advance gender inclusion (I. 1; I. 4), and (3) experts from advisory firms helping finance intermediaries and institutions to transform the European sustainable finance industry (I. 5; I. 6). Four out of the six interviews (I. 1-4) were conducted in Cape Town, South Africa, during a four-week research stay (Jan 31st – Feb 27th, 2022). I. 5 and I. 6 are based in Vienna, Austria. The areas of expertise ranged from active gender lens investing to gender advisory services and to expertise in the sustainable finance industry.

1. Expert I. 1 is working in a global gender advisory firm; she sums up her work as follows: "Basically, we're development consultants, [...] everything that we do is to help our various clients to apply a gender lens to whatever it is that they do." (I. 1: AA4-9)
2. Expert I. 2 is a Senior Investment Analyst and Impact Measurement Manager (I. 2: B267f.) at an impact investment firm.
3. Expert I. 3 is a gender lens angel investor and founder of an early-stage gender lens investment organization; she says, "the work that we do is really focused around investing in women entrepreneurs" (I. 3: C20f.).
4. Expert I. 4 is providing gender advisory services to organizations. She describes her work like this: "I run a feminist consulting practice, and we work in the systems change in the philanthropy space. We also do a lot of organizational development work, facilitation for leadership development and lots of research." (I. 4: D98-100)
5. Expert I. 5 works in the financial industry, focusing on sustainable products and teaching sustainable finance. (I. 5: E20-29).

6. Expert I. 6 has a background in investment banking and social finance. He sums up his work like this: “What I'm doing most of the time is working for the European Commission. And the more, we are running a technical assistance program for social finance enterprise intermediaries, [...] and we're working with them on topics such as financing instruments, strategies, impact measurement, but also lately on data science.” (I. 6: F17-21)

Together, the experts interviewed form a diverse sample that complements the gender equality frameworks with firsthand insights from practitioners in the field of GLI and sustainable finance. When selecting the experts, they needed to be familiar with the concept of gender lens investing and/or sustainable finance. It was not a prerequisite that all experts were engaged in gender lens investing, either personally or in a professional context, as this would have limited the sample too much. It was also not a prerequisite that they were familiar with EU regulation—on the contrary, it was important to get a more global view of the subject matter. The dialogues were characterized by mutual trust (Witzel/Reiter 2012: 6), although hierarchies in knowledge production can never be excluded (Haraway 1988: 593), especially since four of the interviews were conducted in the Global South, in South Africa. For those interviews in particular, a face-to-face conversation was the preferred setting to help convey an authentic invitation to actively participate in the research, as opposed to a question-and-answer situation that comes with online tools. Indeed, one goal of the thesis was to deliberately include perspectives from the Global South. However, field research by scholars from the Global North in the Global South is always loaded with inherent biases (Haraway 1988: 583f.). I trust that the personal encounters promoted an exchange at eye level.

The interview questions were arranged in such a way that first, more general questions about the field of activity and the understanding of GLI were asked, then more details about gender impact assessment methods and the indicators that can be used for it were discussed. Typical for the method of the problem-centered interview, the central problem—which, at the same time, corresponds to the overall research question about the democratization of GLI for non-professional investors—was posed very openly to pick up the experiences and perspectives of the experts in a candid way. However, it is important to note that the research question(s) did not literally replace the interview questions, but they were translated into common language to ensure that respondents could identify with the terms used (Witzel/Reiter 2012: 54). The anonymized interview transcripts can be found in the Appendix D. Citations from the transcripts are marked with the appropriate capital letter (A-F) to indicate that they are line references, not page references. When quoted verbatim, statements were linguistically smoothed for better reading flow.

The method of choice for the analysis of the data was a thematic analysis, where patterns within the data are identified and where emergent themes become the categories of analysis (Braun/Clarke 2006: 79). While data coding and category construction are essential to the process, the thematic analysis is characterized by a high degree of flexibility allowing a practical use of this research tool that is not limited to rigid rules (ibid.: 78). The flexibility comes into play, for example, in that there are many ways to determine themes (ibid.: 83). Another aspect of flexibility of this method is that it is also suitable for combining different textual data types (ibid.: 79). In this case, the different data types that constituted the data set were reports dealing with two gender equality frameworks, namely the 2X Challenge in Alignment with the Impact Reporting and Investment Standards (IRIS+) and the Women's Empowerment Principles (WEPs), and the interview transcripts. Indeed, the method foresees a search for themes across a data set rather than, e.g., within an individual interview (ibid.: 81). Moreover, the combination of documents with data from interviews holds the advantage of reducing bias and establishing the credibility of the analysis (Bowen 2009: 38). In this case it was also purposeful to combine the different data items because the interviews guided the choice of frameworks, contextualized them, and could highlight any shortcomings.

Following the method of thematic analysis, the data extracts were grouped thematically. In practice, this means that the information was organized according to a set of categories or *themes* (Braun/Clarke 2006: 89). A theme "captures something important about the data in relation to the research question, and represents some level of *patterned* response or meaning within the data set" (ibid.: 82). This definition of a theme is consistent with the problem-centered interview method's principle of problem centering, meaning that the principle was not only followed for the data collection but also considered in the thematic analysis and interpretation as well. The themes or categories were identified in an iterative process of deductive and inductive steps. The categories included were initially derived from the literature. As briefly explained in chapter 3, three gender lenses have emerged in the context of GLI (Quinlan/VanderBrug 2017: 73). Gender lens investors are commonly directing their attention towards (1) providing access to capital, (2) promoting workplace equity and (3) stimulating the production of products and services that are beneficial to women and girls (Kaplan/VanderBrug 2014: 38). The three focuses pose a useful starting point to a gender analysis for investment decisions. Therefore, they served as the basic pattern codes for the analysis of the frameworks and interviews. Accordingly, specific, relevant indicators and criteria to measure gendered impact posed the primary data extracts. At the same time, factors that are difficult or impossible to quantify were also looked at in order to delineate what cannot be measured (yet) for various reasons. About the overall research question, practical tips, relevant frameworks, and strategies for non-professional investors are equally meaningful units that were extracted from the interviews. According to the method, the coded data extracts were organized in a thematic map, with overarching themes and sub-themes within them (Braun/Clarke 2006: 89f.). In the following phase, a second, condensed map (see figure 9) was developed along the categories of (1) gender lens assessment criteria that are hard to identify and (2) gender lens assessment criteria that are more visible. This procedure facilitated the subsequent analysis. The initial thematic map and coded data extracts can be found in Appendix C.

1.3. Structure of the Thesis

This thesis is structured as follows: Chapter 2 introduces the concept of GLI, including the characteristics of a gender lens investment, and a literature review. Chapter 3 provides a context for GLI, beginning with an introduction to a feminist perspective on economics and explaining the need for change toward a more gender-equitable economy. Chapter 4 introduces and analyses institutional sustainability reporting standards on the one hand, and practical gender equality frameworks on the other. The findings from the thematic analysis are described and critically discussed in chapter 5. Chapter 6 aligns theory and practice, providing a simple selection strategy of gender-equitable investments for non-professional investors. Chapter 7 finally concludes the thesis.

2. Gender Lens Investing

Given the importance of gender in the approach of gender lens investing (GLI), this chapter revisits the fundamental concepts of gender, intersectionality, and gender mainstreaming. This revisiting is required to delve deeper into the definition and positioning of GLI. Following the clarification of the characteristics of a gender lens investment, a literature review on the research field of GLI sheds light on the current research agenda and the research gap concerning the role of non-professional investors. Finally, the main field-building actors are introduced.

2.1. Definition and Positioning in the Field of Impact-Oriented Investing

It has been a consensus since the 1960s/70s that gender as a concept goes beyond the biological sex. The difference between sex and gender is that 'sex' refers to physical differences while 'gender' is socially constructed and refers to differences in cultural and social expectations, to different roles and competencies associated with individuals when being identified as a particular gender (Subramanian et al. 2021: 6). Neither gender nor sex is binary, but fluid and therefore gendered discrimination is not limited to women and girls, but can take all kinds of forms depending on the context: "Lived experiences of gender, and gendered discrimination, are context-specific and influenced by a range of social, economic, political, and geographic systems." (ibid.) There is significant research demonstrating that gender is an integral part of society—that society is gendered (e.g. Bauhardt/Çağlar 2010; Grangeiro et al. 2021; Young 2010). As such, gender as a concept helps to understand societies and power relations.

However, the concept itself is contested. What is commonly understood with gender has a historical context and cannot be understood without looking into the colonial past. The binary feminine and masculine gender constructs are Western phenomena that were expanded, inter alia, through European colonialism in Africa. The concept of gender was used to facilitate colonial ruling, and colonizers needed it to dominate territory (Oyěwùmí 1997: 144). Research on precolonial Africa from the Nigerian feminist scholar Oyèrónkẹ́ Oyěwùmí (1997) shows that in the process of colonization, new social identities have been created for men and women. Women were no longer women as individuals that occupied powerful societal positions—as these were not gender-determined before (ibid.: 125)—but were confined to domestic roles. Women were reduced to their new social identities as mothers, daughters, and wives (ibid.: 151). This categorization had tremendous consequences for the societal status of women and the oppression associated with it:

> "The emergence of women as an identifiable category, defined by their anatomy and subordinated to men in all situations, resulted, in part, from the imposition of a patriarchal colonial state. For females, colonization was a twofold process of racial inferiorization and gender subordination." (Oyěwùmí 1997: 124)

What this example of the 'invention' of gendered subordination shows is that the concept of gender is not a universal one but one that has a history, geography, and territory. Even within societies "gender norms and expectations are impacted by a variety of other factors, such as race, ethnicity, socioeconomic status, and more" (Subramanian et al. 2021: 7). Accordingly, gender scholarship traditions vary within and between the Global North and Global South. Academic work on gendered discrimination from the Global South highlights the limitations of the mainstream, Western feminist frameworks "in capturing the full spectrum of gendered experiences" (Subramanian et al. 2021: 7). Taking the example of the analysis of gendered violence, Amina Mama, a Nigerian gender researcher and feminist activist, points out that situations of abuse all have a history to them and are not the experiences of one homogenous group:

> "Mainstream Western feminist theorizations of violence often do not take into account the realities of black women's lives. Within radical feminist discourse, gender is regarded as the most fundamental social division [...] in keeping with this view, radical feminists treat women as if they were a single homogenous group, devoid of class and racial inequalities, reduced to mere instances of male power." (Mama 1997: 59)

Intersectionality, a concept that emerged in the context of US-American antidiscrimination politics, acknowledges that gendered experiences vary (Cho et al. 2013). It explains how there are forces of multiple discrimination at play that create unique experiences of oppression and thus extend the sum of the single discriminations. Multiple vectors of marginalization, such as race, socioeconomic status, and sexual orientation, constitute the power structures that influence the experiences of individuals in a society. (Ibid.: 787) Hence, power dynamics cannot be fully explained along one single axis of inequality but are more complex.

While the concepts of gender and intersectionality help to understand power dynamics and processes leading to gender inequality, gender mainstreaming has emerged as an approach to fight systematic discrimination and transform gender relations. As a tool for advancing gender equality, gender mainstreaming has a technical and a political dimension to it (Grosser/Moon 2005: 533). It is a technical approach in the sense that it offers tools and procedures to put in place a gender strategy, gender analyses, and monitoring and evaluation processes (Moser/Moser 2005: 12). It is political "in that it includes women's participation in defining what gender equality means in different political arenas and contexts" (Grosser/Moon 2005: 533). It goes beyond equal treatment and affirmative action by establishing gender as a cross-cutting lens and structurally integrating it into policy processes (ibid.).

Kate Grosser and Jeremy Moon from the Nottingham University Business School (UK) make a case for Corporate Social Responsibility (CSR) in the gender mainstreaming literature. CSR can be summarized as the corporate "responsibility for how products and services are made and delivered, and for those people involved in these processes of production, be they direct employees or employed in supply chains" (Grosser/Moon 2005: 534). The authors see the potential for gender mainstreaming actors to engage in the CSR arena—not least because they see CSR and gender mainstreaming agendas complementing each other in the sense that both approaches aim for a change of the mainstream as opposed to a simple integration of gender dimensions as an add-on to existing systems (ibid.: 546).

Grosser and Moon show how systems of governance are changing and leaving corporations with more incentives to improve and report on their CSR (Grosser/Moon 2005: 535–537). Examining reporting guidelines with a gender lens, though, they find a gender shortfall in CSR processes and tools (ibid.: 549). The authors also reveal that although the EU has had corporate accountability on its agenda since 1999, efforts to include gender issues in reporting requirements have been limited (ibid.: 540). Since their article was published in 2005, it can be assumed that a lot has changed since then and that gender has finally found its way into the CSR reporting requirements of the EU. How exactly gender dimensions are currently considered will be examined in chapter 4, considering the first (sub)question: *What gender-relevant information do listed companies have to report?*.

If a focus is put on gender equality, CSR can be understood as a gender mainstreaming practice for corporations (Grosser/Moon 2005: 541). It involves looking at corporate activity with a gender lens and delivering more transparency on gender issues via strong reporting. Besides the fact that "the record of corporate reporting on gender issues is poor" (ibid.), critics of the CSR approach have been persuasive. On the one hand, corporate structures as such are seldomly perceived as a suitable vehicle for gender mainstreaming, and on the other hand, a narrow definition of CSR—as mere instances of socially/environmentally friendly activities—does not involve the reflection of the business' implications on gender equality more broadly (ibid.: 534). Corporations with a profit orientation and, generally speaking, patriarchal structures and cultures are indeed often perceived as the 'bad guys':

> "Many of those skeptical about corporations contributing to gender equality would have seen non-profit organisations operating in the network mode as an appropriate vehicle for generating, aggregating and articulating gender agendas and government as the proper actor to legislate for, monitor and enforce these. They would have perceived corporations as essentially gendered and showing little inclination to encourage gender equality." (Grosser/Moon 2005: 536)

While it is true for both gender mainstreaming and CSR, that integration into systems that are on many levels perpetuating gendered discrimination poses a danger of co-option (Prügl 2015: 619), excluding corporate organizations as drivers for more gender equitable systems is just as dangerous. In a world with such deep-rooted gender inequality, one cannot afford to demonize the entire private sector but must ask how transformations towards more gender justice can succeed—which means approaches and strategies work and which do not and why. And how they can be designed not to fall into a co-option but to authentically pursue feminist agendas and address gender issues. This paper asks these questions for the gender lens investing approach, which will be introduced in the following.

If and to what extent corporations embody CSR efforts becomes more and more relevant to investors. Expanding the way investors look at a business started within the ethical investment movement and is now reaching mainstream investors (Grosser/Moon 2005: 537). When such extended investment criteria include a focus on gender equality, this practice is referred to as gender lens investing. Gender lens investing (GLI) has many valid definitions but "simply put, gender lens investing is the deliberate incorporation of gender factors into investment analysis and decisions" (Quinlan/VanderBrug 2017: 57)—it is applying a gender lens in investment.

The rationale behind GLI is to break with finance practices that consolidate inequalities (Subramanian et al. 2021: 2). It stems from the conviction that "gender analysis can shape what matters in finance. And shifting what matters in finance can help to create a more gender equitable world" (Anderson/Miles 2015: 6). The field emerged in 2006 and cuts across all asset classes and economic sectors (Subramanian et al. 2021: 4). It is thus not about the type of investment but about the investment decision-making. The two main goals are addressing gendered marginalization and making better financial decisions (ibid.: 5). Hence, practicing gender analysis in finance is done "to achieve better impact and financial returns" (ibid.: 2). This is in line with

the general approach of impact investing, which is about both measurable positive impact and financial return (Hand et al. 2020: 74). There are generally three components of what constitutes an impact investment: (1) intentionality to generate impact, (2) impact measurement and (3) a theory of change (Jackson 2013: 97). The first constituent refers to the need to be intentional about achieving positive impacts—it is not enough to leave it up to chance. The second component is the tangible evidence of such impact that needs to be measured and monitored. The third element, the theory of change, is basically the investment thesis of an impact investment (Jackson/Sarmento 2021: 212). It is the answer to the question of what outcomes and impacts are expected to be achieved with the invested capital and how (Jackson 2013: 97). Being explicit about all three elements "enables all parties to better understand and strengthen the processes of change and to maximize their results, as well as to test the extent to which results and processes actually align with the expected theory of the intervention" (ibid.).
Transferred to GLI, this means a gender lens investment is characterized by (1) the intention to understand and positively influence the gender implications of the investment/the investee's core business activities, (2) measuring that very impact, i.e., assessing the investee company's progress towards gender equality and (3) being explicit on the theory of change that underpins the investment decisions. In the words of one of the interviewed GLI experts, the definition can be summarized as follows: Investing with a gender lens is "intentionally incorporating gender factors into investment decisions and processes in order to improve both business and social outcomes" (I. 1: A39f.).

With that in mind, it can be concluded that GLI is very much impact-oriented and shares the basic logic with impact investing. And yet, not all impact investors are gender lens investors:

> "A gender lens might seem an obvious tool for an impact investor, but many of the early social impact finance pioneers didn't see it that way. For some, gender was already mixed into impact. As far as these social impact investors were concerned, their focus on poverty did support women. Others believed it was hard enough to grow businesses in frontier markets without adding a gender analysis or reporting sex-disaggregated data." (Quinlan/VanderBrug 2017: 68)

While many impact investors have blind spots on gender issues, others see the topic as an 'issue area' within the field (Anderson/Miles 2015: 20). What Joy Anderson, president of Criterion Institute (for details see chapter 2.3.), is stressing, though, is that gender is "a critical analytical factor for all investments" (Anderson/Miles 2015: 20). GLI is essentially the acknowledgment of the fact that "indeed, all investments have a gender impact: positive or negative, intended or not"

(Quinlan/VanderBrug 2017: 61). Incorporating a gender analysis in decision-making processes may help understand this impact and influence it for the better. Impact investing can thus be understood as an umbrella term, although there are tensions and discussions about the position GLI holds or should hold in the field. With that in mind, the following subchapter summarizes the field-building process of GLI, including current challenges and research gaps.

2.2. A Research Field in the Making

The following section contains a literature review on the research field of gender lens investing (GLI) that addresses the role of non-professional investors in GLI, the relevance of GLI for them, and why retail investors are important for the goal of GLI. It discusses the field's barriers in general, but especially for non-professional investors.

Just like the GLI industry is growing—the number of funds deploying capital with a gender lens has more than tripled since 2017 (Biegel et al. 2021: 8)—the research field is. There is a growing body of literature on GLI whose research agenda primarily focuses on collecting evidence and empirical data to build the financial case (Jackson/Sarmento 2021: 203), on including voices from the Global South in the broadening and deepening of the field (ibid.: 204) and the grounding of GLI in critical feminist theory (ibid.: 213).

Although the geographic investment focus of GLI funds is shifting more and more to Sub-Saharan Africa and Asia (Biegel et al. 2021: 13), it is mainly practitioners and scholars from the Global North who dominate the field. What becomes apparent in the participation patterns of global conferences on GLI is also visible in the academic sphere:

> "One of the most important limitations of these conferences to date, however, is that voices of GLI champions from the Global South have not been so frequently heard, either because they are muted, marginalized or their representatives are simply not considered for these events." (Jackson/Sarmento 2021: 202)

With most of the definitory work being done in the Global North (Jackson/Sarmento 2021: 200), the field remains narrow and does not align with its egalitarian claims. Especially because GLI practices are gaining importance for countries in the Global South (Subramanian et al. 2021: 1), GLI champions of these same countries should be represented in the debate. Most importantly, they bring expertise that strengthens the theoretical foundation and practical experience that make up the field. With the feminist scholarship being more inclusive and informed by colonialism and apartheid, in the case of South Africa, the knowledge production gains contextuality and depth (Subramanian et al. 2021: 9). Simply put, involving expertise from the Global South represents an opportunity and prerequisite "to keep building not just a bigger, but also a better, investment practice" (ibid.: 17).

Another critique that is related to the bias in field-building actors is the critique that "the field's analysis of gender [...] was largely grounded in a Global-North, white-feminist perspective" (Subramanian et al. 2021: 2). With the thought leaders based in the Global North, the field is lacking critical (feminist) analyses and non-white feminist perspectives. Since the field is still emerging and fighting for global acknowledgment, "the discourse and knowledge creation of such a field tends to be uncritical and short-term in scope, and characterized by self-serving, overstated prophecies of changing the world" (Jackson/Sarmento 2021: 197f.). Therefore, critical knowledge is extremely important to not only promote the definitions and ideas but also live up to the promises by demonstrating and constantly checking if—and under which conditions—GLI efforts can indeed reduce inequalities. Including a wide spectrum of feminist theories and fostering dialogue between scholars from the Global North and the Global South is central for theory building and the gender analyses to gain maturity (Subramanian et al. 2021: 9). In the challenge of GLI to create new systems of accountability and channel investments towards gender equitable organizations, feminist and gender theory should inform the field:

> "Feminist theory and gender studies more broadly can sharpen the critical framing of evaluation methods and tools. It is critical that the field put in place safeguards to ensure that GLI scales and that it does not just become an example of 'pink-washing'. Indeed, through critical analysis and field-based research, gender scholars and evaluation scholars in both the North and the South can enrich and strengthen the field of GLI." (Jackson/Sarmento 2021: 213, emph.i.o.)

The current state of the field calls for transdisciplinary research approaches that combine various disciplines vital for the professional field to grow and mature, such as gender studies, finance and investments, political science, and many more (Jackson/Sarmento 2021: 218f.).

This thesis is a contribution to both the effort to foster dialogue between the Global North and the Global South on this topic and the aspiration to ground and contextualize the findings with critical feminist theory. While this thesis does not claim to represent the Global South as a whole, it begins by intentionally integrating voices from South Africa—well aware that the field of GLI in South Africa is more matured and likely faces different challenges than in other areas of the world such as South America, the Pacific region or even other parts of Sub-Sahara Africa. Moreover, the thesis is building upon the work that has been done in the field to extend the practice and knowledge for non-professional investors. The collective power of non-professional investors, I argue, is indispensable to take GLI out of the niche and mainstream it.

Traditional investors and gender lens investors alike are heterogenous groups of investors. They can be classified by the type of capital that is invested. Common distinctions in the field of GLI are (1) venture capital, (2) impact investment funds, (3) public market funds, and (4) angel investors and angel investor networks (Maheshwari et al. 2019: 20). Reflecting on the literature to date, the role of non-professional investors is mostly overlooked in these classifications—both in the impact investing literature as well as the literature on GLI specifically. Thus far, GLI has been the domain of development finance institutions, family offices, foundations, and high-net-worth individuals, while non-professional investors generally have not been able to participate in this expanding market (ibid.). Correspondingly, gender lens factors are mostly considered for private equity investments, albeit public equity investors show a rising demand for sustainable and impactful investments. In other words, "while Impact Investing can now be found in common investment vehicles [...] the Impact Investing sector remains more popular with institutional investors and is still failing to make a real breakthrough to individual investors" (Fernandez-Leenknecht 2021: 1138). I argue that non-professional investors are an emerging group of impact investors—and gender lens investors, respectively—that needs to be considered when researching these new types of investment.

Non-professional investors are characterized by the fact that they do not invest in a professional context nor for occupational reasons (Anderson 1988). Another word for these individuals investing non-professionally is retail investors. Both terms are used interchangeably in this thesis. Retail investors typically manage their own money and invest for personal reasons. For non-professional investors, publicly traded stocks and mutual funds are the most accessible financial vehicles—especially in light of the introduction of fractional trading, i.e., the ability to buy or sell a fraction of a share of a stock (Tripathi/Rengifo 2023: 7). The most recent market report for the German-speaking region, for example, shows that in Germany, the share of private investors investing in sustainable mutual funds is at 36 percent, ahead of Switzerland with 29 percent (Forum Nachhaltige Geldanlagen e.V. 2022: 33). In Austria, private investors outweighed institutional investors for the first time, with 56 percent in 2021 (ibid.). In the context of sustainable investing, retail investors are thus gaining importance, with partly higher invested volumes compared to institutional investors.

The question, therefore, arises as to how retail investors arrive at their investment decisions. Andrea Hafenstein and Alexander Bassen, business researchers at the University of Hamburg, investigated the use of sustainability information by non-professional investors in their decision-making process. They conducted a study with 371 German non-professional investors and found out that non-professional investors that are generally considering sustainability factors in their consumption patterns are more likely to make use of sustainability information in their investment decision-making process (Hafenstein/Bassen 2016: 199). Concerning the investment decisions themselves, non-professional investors are positively influenced by their identification with sustainable investments, their personal sustainability orientation, the amount of sustainability information available to them and used in the decision-making process, as well as the willingness to waive returns (Hafenstein/Bassen 2016: 199f.). What this study shows very clearly is that the information on corporate social responsibility disclosed by a company can indeed influence non-professional investors' investment decisions in favor of sustainability. Building on these robust findings on the use of sustainability information by non-professional investors, this thesis sheds light on which sustainability information is currently available to them and how they can make use of it by applying a gender impact analysis to it to better inform their investment decisions.

More so in the academic field of impact investing than in the GLI literature, there is an ongoing debate about whether investing in public markets can make any difference at all. This question also affects whether retail investors can effectively engage in GLI practices at all—with the impact that materializes in the real economy. Strictly speaking, investments must be impact-generating to fall under the generally accepted definition. Impact-generating investments are only considered as such when the investment directly induces change. In other words, "the objective of these investments is to contribute to—i.e., generate and accelerate—solutions to environmental and societal challenges and, thus, to the required transformation of the economy" (Busch et al. 2021: 10). It is the causal effect that qualifies an investment as impact-generating (ibid.: 8). The difficulty in inducing a change in the public stock market stems from the indirect capital flow:

> "Most economists agree that it is virtually impossible for a socially motivated investor to increase the beneficial outputs of a publicly traded corporation by purchasing its stock. Especially if—as is generally the case—stock is purchased from existing shareholders, any benefit to the company is highly attenuated if it exists at all. Impact investing typically does not take place in large cap public markets, however, but rather in domains subject to market frictions." (Brest/Born 2013: 25)

What non-professional investors also cannot do as effectively as institutional investors, for example, is shareholder engagement—a widely used mechanism for generating impact. Shareholder engagement is a very direct way to influence companies to implement sustainable business practices and to hold them accountable (Kölbel et al. 2020: 555). For the longest time, this role has been in the hands of institutional investors: "Large institutional investors, including investment funds, pension funds and insurers, are well placed to fulfil this stewardship role. [...] traditional institutional investors have jointly an equity stake of 58 percent in companies." (Schoenmaker 2020: 12) New research on retail investor's shareholder engagement, however, indicates changes towards more active voting behavior due to their widened access to information: "Not only do retail investors engage in the proxy fight through their voting, but they also do so rationally as informed agents [...]. Retail investors are not so passive after all, at least in the digital age." (Hafeez et al. 2022: 455) Moreover, even if retail investors cannot exert as strong a direct influence on companies with shareholder engagement, they can indeed influence institutional investors that then, in turn, can:

> "These sustainability disclosures enable a dialogue between institutional investors and end-investors. Some large pension funds are already conducting surveys among their beneficiaries to learn about their sustainability preferences. By the same token, a beneficiary can raise sustainability concerns with the relevant institutional investor that is managing its investments." (Schoenmaker 2020: 13)

This is one of several indirect impact mechanisms available to retail investors. The sustainable investing literature also shows that one-way capital allocation of sustainable investors may influence corporate behavior by creating incentives for companies to improve their impact performance (Kölbel et al. 2020: 560f.). The basic idea of this mechanism is to take a vote with the investments by applying certain screening criteria. By consistently divesting, i.e., not investing in companies that do not fulfill these criteria (anymore), the asset prices may drop and thus incentivize companies to change their corporate behavior accordingly. While there is some literature indicating that the sustainability preferences of investors can indeed influence asset prices, it is yet to be determined how many investors are required to cause such a movement (ibid.: 561). What is clear, though, is that "the effect of an individual investor's decisions depends on how many other investors apply the same screening approach" (ibid.: 563). This conclusion underlines the importance of more clarity in meaningful impact and gender lens criteria to apply. Only common approaches will be able to catalyze the effect of applying the criteria. Combined with indirect impacts such as stigmatization, or—the positive counterpart—endorsement of companies for their impact performance, retail investors may help increase the awareness and visibility of social and environmental issues (Kölbel et al. 2020: 564f.). In general, the power of retail investors should not be underestimated and should be used to address global challenges such as gender inequality. This thesis is another call to leverage the power of retail investors to reorient investments in the real economy from unsustainable to more sustainable and gender-equitable activities (Fernandez-Leenknecht 2021: 1138).

Rather than getting lost in technocratic debates about what counts as a 'real' impact investment, the much more decisive question is "whether change happens and whether it reaches transformational scale" (Brest/Born 2013: 27). For approaches challenging the status quo of the financial industry and its logics, it is crucial to onboard as many investors as possible to drive and accelerate positive change (ibid.). After all, "one cannot say that no positive benefits accrue from decisions by mainstream investors to direct their funds away from investments that have negative or neutral social impact and toward ones that have positive impact" (ibid.). Thus, retail investors are currently overlooked actors for change, and there is a research gap on how to practically involve them in the impact-oriented practice of GLI, which this thesis will address.

There are several barriers standing in the way of non-professional investors actively engaging in the practice of GLI. Two of them are the inaccessibility of data and the lack of transparency. Generally, there is no publicly available database on the gender metrics of listed companies. Instead, investors need to retrieve this information through company reports or data providers. Moreover, few funds that are applying a gender lens are open about their fund's gender analyses. The lack of transparency is highlighted and explained as follows:

> "It is worth noting how unavailable detailed information about investment approaches remains in the field of social finance. [...] While most gender lens investing funds have some public statements about their gender lens, the vast majority are at a high level, featuring general language about the importance of the impact theme. Employing a high-level and general gender lens approach gives funds more flexibility in investing than would a tightly targeted investment lens, so there is added incentive on their part to avoid specificity." (Subramanian et al. 2021: 10)

This difficulty in accessing in-depth information by funds is aggravated by the lack of transparency from the side of the investee companies. Many companies do not make all the results of internal evaluation processes of workplace issues public (Grosser/Moon 2005: 542). For example, in sustainability reports, one may find a statement that the gender pay gap of the company has been reviewed but no information on how much it actually is. The lack of financial literacy among the general public, as well as the lack of expertise on sustainability topics among financial advisors, are additional major hurdles for non-professional investors specifically and reasons why GLI has been practiced primarily by institutional investors and high-net-worth individuals (Fernandez-Leenknecht 2021: 1137–1139). The thesis is addressing these hurdles by looking at practical ways to open the space for non-professional investors.

2.3. Field-Building Actors

Three major actors in the field of gender lens investing (GLI) are (1) the Criterion Institute, (2) Equileap, and (3) Project Sage. While this list is not exhaustive, they will be briefly introduced since all of them can pose a valuable source of information for retail investors when researching GLI.

The US-based Criterion Institute is considered a “thought leader in gender lens investing” (Subramanian et al. 2021: 2). The non-profit think tank first introduced the term ‘gender lens investing’ (Anderson/Miles 2015: 8). It has been pioneering the research and contributing to the evolution of the GLI field since 2006 in various ways (Subramanian et al. 2021: 4f.). Besides publishing reports on the topic, Criterion Institute has been hosting annual conferences on GLI (Anderson/Miles 2015: 9). Retail investors can access the think tank’s research on their website.

Equileap is the leading data provider on gender metrics, based in Amsterdam, the Netherlands (Equileap 2022a: 5). Founded in 2016, the company is “the first to assess and rank thousands of companies across the world on gender equality using a unique research methodology and has the largest up to date database on gender equality” (Equileap 2022b). Since 2019, Equileap has published an annual global report, ranking the top 100 companies for gender equality globally according to their scorecard, which is aligned with the UN Women's Empowerment Principles (WEPs) (Equileap 2022a: 49). More information on the scorecard and the WEPs can be found in chapter 5.

Project Sage, one of the most comprehensive GLI fund trackers, is another driver in the field (Subramanian et al. 2021: 4). As stated by one of the experts interviewed, “they're the leading database of gender lens investing globally” (I. 1: A366f.). Project Sage is a research project that analyses funds with a gender lens, i.e., provides insights on trends and selection criteria among private equity, venture capital, and private debt funds that use a gender lens (Biegel et al. 2021: 5). In doing so, they contribute to the definition of what is considered a gender lens investment.

Chapter 2 (Gender Lens Investing) reviewed the fundamental ideas of gender, intersectionality, and gender mainstreaming before outlining the definition of GLI. A literature review introduced the present research agenda and underlined the research gap on the role of non-professional investors. The next chapter will help to put the idea and concept of GLI into a broader socio-economic perspective.

3. Understanding Gender Lens Investing in the Socio-Economic Context

This chapter serves as a contextualization for the concept of gender lens investing (GLI), starting with an introduction to a feminist perspective on economics, explaining the need for change towards a more gender-equitable economy. In the next section, a review of the socio-economic restructuring that has been shaping the economy of the past decades will make visible why and how such a concept can emerge—and both form an integral part of financialization trends while at the same time challenging some of the core neoliberal tenets. Finally, the chapter will be concluded with an outlook toward an economy that creates benefits for shareholders *and* stakeholders and how GLI's transformative potential can unfold.

3.1. The Gendered Economy

In a gendered economy, gender-based research on economics is gaining greater importance. The following section will shed light on the emergence of the research field and reveal critical findings about patriarchal structures that shape the economy.

With the founding of the International Association for Feminist Economics as a non-profit organization in Lincoln, Nebraska in 1992, feminist economics was institutionalized as a new research field within economics (Bauhardt/Çağlar 2010: 7). Ever since, there has been a growing research body that adopted a feminist perspective in economics. This is not to say that there is one unified perspective. Rather, the diversity in feminist perspectives and the diversity in economic theories are reflected in the field (ibid.: 8). The following section shall provide an overview of the main arguments by feminist economists revealing patriarchal structures that shape the economy and shall serve as a crucial socio-economic contextualization of the phenomenon of GLI. Since it is impossible to claim exhaustivity, the focus will be on three gender biases: (1) care work, (2) gender in the corporate context, and (3) the gender wealth gap.

Recurring themes in the context of feminist economics are work, reproduction, and economic inequality. The literature specifically focuses on the gendered division of labor between reproduction and paid work. In orthodox economic discourses, the question of social reproduction is largely ignored (Young 2003: 106). However, it is precisely the unpaid reproductive work of women that is functional for the economic system, i.e., that allows for productivity in the formal economy (Chorus 2012: 95). A clear distinction in the (economic) valuation of production and reproduction thus serves a purpose that goes beyond social role and norm attributions of a 'caring wife' and a 'productive provider'.

With the second wave of the feminist movement and the transition to post-Fordism in the 1970s/80s, part of the care work and the female labor force had been integrated into the formal economy (Chorus 2012: 97). Gabriele Michalitsch, lecturer at the University of Vienna with research interests in gender constructions in political and economic theories, neoliberalism and feminist economics, observes that while women have been increasingly integrated into the labor force in recent decades, they have done so predominantly in precarious ways, i.e., in part-time jobs and the low-wage sector (Michalitsch 2006: 123). A gendered structuring can also be identified within industries and individual companies. The Australian sociologist Raewyn Connell, for instance, examined business gender regimes in the Australian financial industry. She observes a gendered work structure in the workplace: Men predominate in top management, technical fields, and trade. Women make up the majority of subordinate personnel in customer service and predominate in human resources and other service functions (Connell 2010: 15). With her study, she clearly shows that entrepreneurial masculinities are embedded in the everyday routines of organizations in the work of management, and in the ideologies of the corporate world (ibid.: 8). While this bias is present in many economic sectors, financial markets, their institutions as well as the associated cultural models and behaviors are still particularly male-dominated (Reither et al. 2017: 3). Considering that the financial industry has traditionally been one of the high-wage sectors in society, it is hardly surprising that men dominate in this space, underlining Michalitsch's argumentation.

However, this is in line with feminist economists' research on challenges that women face in organizations more broadly. There is a whole literature strand researching gender inequality in organizations. Examples of discrimination and sexism in the workplace across industries are challenges in achieving a position of power, treatment based on stereotypes, fewer promotions, and exclusion from networks—only to name a few (Grangeiro et al. 2021). Moreover, women continue to earn significantly less than men; the gender pay gap among employees amounted to an average of 11.6% in countries of the Organisation for Economic Co-operation and Development (OECD) in 2020 (OECD 2022). As a result of the burden of care work, which is still predominantly performed by women, women spend less time in the labor market overall and have thus been employed for fewer years on average than men before retirement. Together with the wage differences, these factors lead to the fact that women are disproportionately affected by old-age poverty—on average, 16.2% of women compared to 11.6% of men in the OECD (OECD

2021). Statistically, however, this old-age poverty of women only becomes visible when they live alone because the households are considered as black boxes (Groiß et al. 2017: 3). This suggests that women are even more impoverished than the figures show.

Gender-specific economic inequality manifests itself not only in unequal wages, unequal distribution of care work, and unequal access to the labor market but also in unequal distribution of wealth and unequal access to financial markets. Not only do women's and men's incomes differ enormously, but so does their wealth. Julia Groiß, Alyssa Schneebaum, and Barbara Schuster, three economics researchers in Vienna, examined the distribution of wealth between women and men at the personal level in Austria and Germany and found great gender differences in wealth: in German couple households, women own 32% less net wealth than men (Groiß et al. 2017: 44). Financial and business assets are even more concentrated. Concerning business assets, so-called patrilineal inheritance, i.e., inheritance from fathers to their sons, has long made business ownership impossible for women. Yet even today, the majority of business assets remain in male hands. An earlier study examining the gender wealth gap in Germany, for example, showed that among married couples, men own five times the business assets of women, and among unmarried couples, even nine times (Sierminska et al. 2008: 30). The term 'gender wealth gap' refers to these gender differences in wealth, which are not only a result of income differences but also have structural causes. Regina Austin, a US-American professor of law, examined wealth disparities across race and gender and put emphasize on the significance of wealth redistribution for social justice: "Yet, assets, not income, assure class mobility. It is the redistribution of the wealth, not the reallocation of income, that is likely to produce changes in the class positions of black women and their children." (Austin 2019: 132) Wealth inequality thus has a gendered and racial dimension to it, and it is crucial to uncover systems that uphold these disparities and find ways to redistribute wealth.

Women's access to finance has historically been very limited, whereby the specificities vary across different cultures of the world. In Germany, for example, women have been entitled to open their own accounts and thus manage their own assets only since 1958. In the US, women are disadvantaged in the allocation of mortgage loans, e.g. through restrictions in the information gathering and negotiation process (Roberts 2016: 68). However, women are underrepresented not only in the use of financial services but especially in actively shaping the financial space: "In addition to facing gender-based inequalities in borrowing, women are also underrepresented as investors and financial actors. In media and policy-making circles, for instance, much attention has revolved around the lack of women on the boards of banks and other corporations." (Roberts

2016: 69) Statistics show that only 20.6% of board director seats worldwide were held by women in 2020, and only 13 out of the Fortune Global 500 companies had a female CEO in 2020 (Catalyst 2021). Female representation in positions of power thus remains low and is a challenge when aiming to close the global gender gap.

While the preceding discussion of care work, gender challenges in the corporate context, and wealth inequality were presented as empirical phenomena, they are not to be understood as mere coincidences but represent an overarching societal structural context (Schneider 2013: 384). The concept of patriarchy captures this very context and can be defined as "as a system of social structures, and practices in which men dominate, oppress and exploit women" (Walby 1989: 214). Another way to express systematic biases is to point out the ways in which the context is *gendered*. Penny Griffin, lecturer in International Relations at the University of New South Wales, puts it in the following words: "The [global political economy] is, rather, entirely gendered. [... The] norms and standards in the [global political economy] that many hold to be true, essential and universal are the result of historical, culturally specific and highly regulatory discourses of governance." (Griffin 2010: 87) Gender, in turn, is a broad and complex category of analysis. In not simply accepting gender-specific asymmetries as a given, but rather getting to the bottom of how they are created (Çağlar 2014: 205), researchers and practitioners may utilize this category to fulfill central prerequisites for the realization of a gender-equitable economic system. A premise for this is the assumption that the economy is not a separate sphere but is inevitably embedded in society. Gender hierarchies and normative ideas about femininity and masculinity have a structuring effect on socioeconomic processes and thus have a decisive influence on the course of economic developments (ibid.: 207). Conversely, socioeconomic conditions affect the emergence, maintenance, and transformation of these same hierarchies.

It is in challenging norms and standards that are held to be universally true that we can open discussions for transformative change. One of those standards is the way success is defined in the field of investment. According to standard finance textbooks, the dominant performance indicator is ROI, return on investment, i.e., the *financial* return in relation to the capital invested. Financial return, in general, is made when the investee company is generating profit. It is commonly treated as a 'natural' indicator to look at when evaluating success. The same thought is true for the profit orientation of companies: companies are *naturally* working towards maximizing profit—why else would they be called *for-profit* organizations? Taking the preceding argumentation into account, one can conclude that the orientation towards profit and financial returns in itself is gendered since it inevitably goes hand in hand with the focus on formal, paid labor as distinct and exclusive sphere of production. In other words, if economic success is valued by profits generated, then only that kind of work exchanged in the marketplace is considered productive—devaluating reproductive work that takes place outside the formal economy but is equally productive (Biesecker/Hofmeister 2010: 52). GLI may challenge these values by considering other, gender-related indicators in investment decisions.

While the concept of GLI remains profit-oriented, it can be understood as an alternative concept to an economy in which only business performance indicators count. Since the definition of GLI clarifies that financial metrics are intentionally complemented by gender-related impact metrics, giving both metrics equal importance, the ultimate goal of the practice is a shift towards an impact economy (Schoenmaker 2020), i.e., a new paradigm for economic value creation (see chapter 3.3). GLI has the potential to represent a change in the existing way of doing business. While the profit motive is not completely overcome, it is at least put on a par with societal contribution (or impact) because, in terms of GLI, an investment is only successful if both elements are present. From its basic idea, therefore, GLI implies a new prioritization in the evaluation of investments.

Moreover, the practice of GLI implies the adoption of gender as a category of analysis aiming to address specific factors that pose a disadvantage for women or enforce structural hierarchies. Social, cultural, and structural factors influence women's representation at certain types of jobs, which is why the inequalities elaborated further above are not a mere result of women's choices. The approach of GLI is essentially asking the questions of whether a specific company is welcoming to women and working towards changing these factors.

> "While GLI can refer to a range of products and initiatives, the term is meant to broadly capture an emerging class of investments that claim to be women-centred and to improve gender-based inequalities in finance. Many even go so far as to claim that GLI will bring about large-scale systemic transformation within society more broadly." (Roberts 2016: 69)

Hence, although it is too early to conclude about the effect on society at large, it can be stated that the practice of GLI may pave the way for a paradigm change. It can be understood as an attempt to change the fact that women are disproportionately present in some jobs and positions compared to others by changing on which basis the *value* of a company is attributed. This may create incentives for the companies to change the status quo.

The reason why sustainable finance initiatives such as GLI are treated as a promising vehicle for change in the first place is strongly tied to a shift in the capitalist societal formation. GLI builds on the idea that private companies can make a significant contribution to society and that they need capital to do so, i.e., that invested capital is the missing piece for social and environmental progress. This is not to say that companies do not influence the material conditions and lived experiences of women or society in general. However, there is a deep-rooted belief attached to the idea that has been cultivated through the neoliberal restructuring, that is the belief that lending to the private sector is generally approved of and lending to the public sector is generally disapproved of or even demonized (Mertens 2014: 152). It is similar with the belief that private parties can make better investment decisions than the public sector. How this evolved and what makes the current formation of society different from previous ones will be discussed in the next section.

3.2. Neoliberalism and the Financialization of Welfare

Private finance is more and more considered an important vehicle for development outcomes. The following section explains this development and explores why financial market have become more important to individuals.

It was in the 1970s/1980s that the mode of economic growth in the North American and Western European capitalist formation changed from Fordism to neoliberalism. Fordism denotes a system characterized by a strong welfare state, together with a high degree of political stability and social cohesion (Bieling 2012: 54). Towards the end of the 20th century, when globalization processes emerged, this political and social order that, at the time, was able to somewhat counterweigh for social inequalities, was replaced by neoliberalism. Neoliberalism is an economic policy paradigm based on the neoclassical theory that has formed the economic mainstream ever since (Michalitsch 2004: 144). Whereas in the Fordist era (re)production was organized by the welfare state, under neoliberalism, it was liberalized, deregulated, and privatized. "There are differing definitions of neoliberalism, but they distil to the same thing: a belief that free markets, sovereign individuals, free trade, strong property rights and minimal government interference are the best recipe for enhancing human well-being." (Global Health Watch 2014: 11f.) This core belief has been the basis for a neoliberal economic and political restructuring. Under the economic policy program of the 'Washington Consensus', this comprehensive restructuring process was extended to a global scale (Peck/Tickell 2002: 380). Neoliberalism, thus, has been shaping the character of political and economic rationality over the past decades across the globe.

A lot has been written about specific features of neoliberalism (Michalitsch 2004; Mirowski/Plehwe 2009; Peck/Tickell 2002) and, for instance, about gender implications of specific transformation processes (Michalitsch 2006). My intention, however, is not to outline the key instances that mark a neoliberal turn but to demonstrate why private finance is considered an important vehicle for development outcomes and financial markets have become increasingly important to individuals. To this end, Jamie Peck and Adam Tickell, two researchers with a background in geography, suggest acknowledging that there is not one neoliberalism but processes of "neoliberal*ization*" (Peck/Tickell 2002: 383, emph.i.o.). Hence, neoliberalism cannot be limited to a single policy program or to outcomes in a specific country but needs to be interpreted in the respective context of analysis.

> "Like globalization, neoliberalization should be understood as a process, not an end-state. [...] Analyses of this process should therefore focus especially sharply on *change*—on shifts in systems and logics, dominant patterns of restructuring, and so forth—rather than on binary and/or static comparisons between a past state and its erstwhile successor." (Peck/Tickell 2002: 383, emph.i.o.)

The specific context that is the subject of this thesis is the capital market and its relations to the corporate realities that shape and are being shaped by gender dynamics. One conjunction of neoliberalization that is particularly relevant to this matter is that of *financialization*.

In a broad definition, "financialization means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies" (Epstein 2005: 3). Financial motives are thus becoming more and more important both for companies and for the everyday lives of individuals and households. The term, just like neoliberalization, covers multiple transformation processes. While the finance sector was rather strongly regulated during the prime of the welfare state, this has changed in times of financialization (ibid.: 6). Following the collapse of the 'Bretton Woods system', i.e., the relatively comprehensively regulated and state-controlled international financial flows and monetary relations, cross-border financial transactions increased and consequently, the owners of financial assets and financial market players became increasingly important. This has been further consolidated through a large number of market-liberal reforms. (Bieling 2012: 61) According to the German political scientist Hans-Jürgen Bieling (2012), three political economy transformation processes are particularly characteristic of financialization: (i) corporate governance, (ii) dismantling of the welfare state, and (iii) privatization.

3.2.1. Corporate Governance

The first is a change in national corporate governance systems in the sense that they are increasingly driven by capitalist financial motives and political measures have less and less influence on corporate governance structures (Bieling 2012: 63). With the rising importance of financial asset owners, the 'shareholder value' became the primary mode of corporate governance (Epstein 2005: 3). This means that corporates align their governance structures first and foremost to maximize their value vis-à-vis their shareholders. In this first tendency, we also find an explanation for the greater emphasis on corporate social responsibility (CSR) efforts. Per definition, "[c]orporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Schoenmaker 2020: 6). Accordingly, the state is no longer the primary actor defining the guidelines of socially and ecologically confined production and thus drawing limits for the private sector. Instead, corporate governance and CSR emerged as a voluntary substitute for such regulations, granting corporates greater moral legitimacy—despite the privileging of shareholder interests (Kinderman 2012: 30f.). Thus, the rise of self-regulatory CSR went hand in hand with financialization. In 2012, Daniel Kinderman, a US-American scholar in the fields of political science and international relations, concluded in this regard, "CSR complements the deepening of market relations and has helped legitimate the erosion of institutionalized solidarity during the past 30 years" (ibid.: 31). While this certainly might have been true ten years ago, it is valuable to assess if we are currently witnessing a changing mode of corporate governance. Two developments, in particular, lead me to assume that the current trends of impact investing and GLI represent a changing context. Firstly, the idea of 'shareholder value' as it was known in the past decades implies that financial return is indeed the sole and overriding objective of shareholders. With the emerging trend of impact-first investments, there is a growing group of investors that equally value impact metrics in their investment decisions. Corporations, therefore, might still prioritize the interests of their shareholders, but the shareholders' interests are starting to differ from the profit-only imperative. Secondly, CSR began as a voluntary practice leaving the accountability for the implementation to the firms. This is currently changing, as is discussed in chapter 4.1. The regulatory landscape for sustainability reporting and, thus, indirectly, the implementation of CSR measures is expanding. Thus, more and more, the priorities are again being set by governments. However, it is important to note here that these guidelines primarily specify what must be disclosed—to investors, among others—and not what must actually be implemented. The very prospect of investments is thus used as an indirect means of exerting pressure to intensify implementations. These two observations are not to say that there are no neoliberal forces at play anymore, but to stress that they might take a different shape today.

3.2.2. Dismantling of the Welfare State

Second, according to Bieling, the cutback of social security systems and the privatization of public services are characteristics of financialization. Consequently, the responsibility for old-age provision is being transferred more and more to individuals and linked to the future development of the capital market (Bieling 2012: 63). This tendency of financialization can be summarized as the dismantling of the welfare state. It explains why ever more people are participating in the capital market and experience the urge to provide for their old age with investments in stocks and mutual funds. Capital-market-based pension systems have been introduced in countries where statutory pensions are becoming more insecure or do not exist in the first place. This tendency is consistent with the shift of public responsibility to the individual (Michalitsch 2006: 124). In times of neoliberalization and financialization, there is an ever-growing concentration on individualism (Connell 2010: 17). Accordingly, each individual is responsible for his or her success—and financial stability, respectively. Although the scope of this paper does not allow for an in-depth analysis of the positive and negative effects these changes have had on people's lives, I suggest that, against the background of these developments, GLI is not only becoming increasingly relevant for institutional investors but also for non-professional investors.

3.2.3. Privatization

The third tendency brought about by financialization is far-reaching privatization, i.e., the transfer of public and social property to private parties. As a result, these companies are also subject to the logic of the capital market (Bieling 2012: 63f.). Crucial public service offerings such as telecommunication and energy increasingly underlie private management. Duties of care are being transferred from the state to the private (Wichterich 2015: 486). A similar direction—a market-led relief structure shifting social responsibility for the common good to the private sector—has been observed in development finance. Philanthropists financing massive charity programs and public parties aiming to leverage official development assistance with private capital (Wong 2021) are signs of this privatization Bieling is writing about. In a way, this attempt to produce public goods through private finance is found in the very idea of GLI. Impact investors (whether they emphasize gender or not) act autonomously and (subjectively) pursue the goals of the general welfare. The rationale behind it is the following: "Impact is fundamentally about change. Companies can and do change over time, and investors make an impact by triggering or accelerating such change." (Kölbel et al. 2020: 555) Public welfare goals, such as equality, fair working conditions, and anti-discrimination, are thus being translated into business models and addressed at the capital market.

Outlining these major transformation processes as markers of financialization helps to understand why a concept such as that of GLI finds space in the discourse of investing and is being discussed as a vehicle to enhance gender equality. On the one hand, it can be attributed to this very fact that financial relations deepened over the past decades—hence, letting the concept of GLI become a logical notion—on the other hand, the feminist discourse has equally opened for such considerations. Neoliberalism has influenced feminist ideas—the talk is of a "neoliberalisation of feminism" (Prügl 2015: 617), which has not elapsed without criticism. Much of the critique has addressed a version of feminism that seeks to harness the capitalist system for social change instead of challenging it (Roberts 2016: 74). Adrienne Roberts, a lecturer in International Relations at the University of Manchester, looks at the emerging trend of GLI and critically examines the question "Does greater involvement in financial markets help the advance of feminism?" (ibid.: 68). Putting the phenomenon in the broader context of gender, finance, and capitalism, she points to some important pitfalls to consider: It reproduces certain neoliberal capitalist beliefs such as an automatic individual and societal advancement if only access to markets is given (ibid.: 69). Her main argument is that one must look at how neoliberal capitalism per se is opposed to aspirations for gender equality. Efforts from within potentially undermine feminist, system-changing movements (ibid.: 74). One concrete example of how the promotion of neoliberal business practices harms critical feminist praxis and gender equality in general is that the profits of big corporations usually do not trickle down to all parts of the workforce and all parts of society. On the contrary, corporates focused on profitability tend to limit the taxes to pay and uphold the gender pay gap (ibid.: 75).

As Roberts concludes, it is vital to overcome the simplicity and superficiality of the gender equality agendas present in the space. Her bottom line is the following:

> "For GLI to become a tool for progressive social change, it would need to move beyond a focus on economic and/or financial empowerment to consider empowerment in relation to broader ideas about participation and the gender-based differences in the value attributed to (paid and unpaid) labour. It would need to consider the way in which power is not only unevenly distributed between sexes, but also between classes and racial/ethnic groups. And substantial progression would entail looking beyond short-term and easy-to-measure impacts in order to recognize

> and invest in systemic change—a process which would necessarily involve engaging with and investing in women's movements and organisations." (Roberts 2016: 80f.)

While it is important to value her critique, she agrees that it is not purposeful to undermine the practice altogether but to identify shortfalls and leverage potential for improvement. Thus, a question yet to be answered is about ways in which critical feminist perspectives can find their way into GLI practice.

Elisabeth Prügl, professor of international relations at the Graduate Institute of International and Development Studies in Geneva, builds on Roberts' critique (2016) and other similar voices such as Fraser (2013). According to her, these critiques all have in common that they see a transformed (neoliberal) feminism—a kind of feminism they question because it depoliticizes the struggle and has forgotten to challenge power dynamics (Prügl 2015: 615). Prügl contributes to this discussion by warning that these critiques linger in the past and assume a specific kind of original, radical feminism that once existed while disregarding that it has never been one unified movement: "There has never been just one feminism and the movement continuous to be polyphonous. How do we know when feminism becomes 'faux'? How do we know whether market feminism is backlash or feminism?" (ibid. emph.i.o.) These questions point to the fact that feminist agendas in supposedly anti-feminist spaces create contradictions that require closer examination. Moreover, it highlights the diversity and complexity of feminist thought—there is not one feminism but rather *feminisms*. Each perspective can broaden and deepen the understanding of systems of inequality. Patricia Hill Collins, professor of sociology within the Department of African American Studies at the University of Cincinnati, refers to placing Black women's experiences at the center of analysis to shift the understanding of the global political economy: "By pivoting the center and theorizing from multiple angles of vision [...] new themes, approaches, and questions become visible." (Collins 2000: 44) She shows that a Black feminist lens is required to understand the ways in which gender, race, and economic systems interact to create systemic barriers for Black women in particular. Drawing from Collins' writings on Black feminism and Black political economy, GLI approaches need to be informed by a thorough understanding of the history of racial and gender discrimination, as well as the ways in which these forms of oppression continue to play out in the present. Carrying on the thought of wealth redistribution for social justice (Austin 2019), Collins stresses the role of assets in overcoming various forms of oppression experienced by Black women. These manifest in multiple entrenched structures that she poignantly sums up by stating that "asset-rich families inherit advantages across generations. Conversely, debt-ridden families inherit debt and the lack of opportunities" (Collins 2000: 49).

Against the background of racialized transfer of wealth, Collins suggests asset-development programs for Black women, both public and private, e.g. taxation policies aimed at encouraging investment by Black women, particularly single mothers (ibid.: 50). For the GLI agenda, the question then becomes not only what is invested in to pursue the goal of gender equity, but also *who* invests and has access to the financial market. And how this access can be strengthened for women, especially Black women. GLI finds itself in this tension between material inequalities that have grown historically and feminist theoretical claims that question the role of the neoliberal capitalist system in relation to these same inequalities.

To summarize, the comprehensive restructuring process from Fordism to neoliberalism has had far-reaching effects on how value is measured, what role and social responsibility is attributed to companies and individuals, and what is traded as potential solutions to societal problems. The financial market and its logics permeate more and more areas of daily life, with GLI at the intersection of CSR, the financial market, and welfare outcomes. The different facets of financialization resonate with the concept of GLI and explain why it gained popularity over the past years. These neoliberal transformation processes pose a challenge to feminism because neoliberal feminism suggests the fundamental compatibility of a feminist agenda and finance-driven capitalism, although gender-based inequality is fueled by the system through the devaluing of care work and precarious working conditions. It can be concluded that GLI constitutes an instance of neoliberal feminism because it is not thinkable outside the realities of shareholder value, a dwindling welfare state, and individualism. At the same time, I argue that GLI has the potential to bring about progressive changes in an economy and society where metrics of corporate performance and productivity are not just profit oriented. GLI is painting a picture of alternative economic models, some of which will be introduced in the following section.

From a critical feminist point of view, the challenge remains to understand the structural context in which such concepts arise and to be aware of pitfalls pointed out by critical theory while keeping an open mind for potential innovations from within our current parameters. As Prügl puts it poignantly:

> "Thus, feminism encounters neoliberal economic projects, discourses, and technologies in multiple ways, and different encounters yield different results. The challenge for scholars is to better understand the conditions under which neoliberalised feminisms provide openings to challenge oppressive power relations." (Prügl 2015: 627)

From a Black feminist point of view, analyses of such structural conditions must be accompanied by an understanding of the unique challenges that Black women face and how they are impacted by both gender and race.

Market-led approaches like GLI are consistently either portrayed as a magic bullet against the problems of our time or demonized as hypocritical co-option—there does not seem to be an in-between. However, the reality is neither black nor white but unites elements of both tales. To better understand the concept, it is crucial to view them in conjunction with the overarching structural conditions, i.e., to view it against the background of financialization and to place it in its neoliberal context. The reduction of the idea as the ultimate solution makes it impossible to accept justified criticism, but then again, a complete negation of its potential is unlikely to bring about the necessary changes. Therefore, the following section will build on this preceding contextualization to review some ideas aiming to transform the economic system and see in what ways the concept of GLI aligns with them and, subsequently, which potentials arise for the practice.

3.3. Towards an Economy that Creates Benefits for Shareholders and Stakeholders

While the preceding chapters served as a look into the past to contextualize how and why, globally, we find ourselves in times of financialization and a gendered economic system, this chapter aims to introduce some of the theories that dare to look ahead and propose alternative, more sustainable economic models. I intend to provide a concise yet necessarily incomplete review of (i) Doughnut Economics, (ii) Stakeholder Theory, and (iii) Impact Economy—all of them deal with the relationship between the corporate world and society. Since the focus of this thesis is to explore the case of GLI for non-professional investors, an in-depth discussion of the different theories and to what extent they are forming a new paradigm would exceed the scope. Furthermore, to draw definite conclusions on this matter is problematic, not least because neoliberalism is unlikely to be replaced as a paradigm all at once, even as the tensions and counter-movements become more apparent (Davies/Gane 2021: 4). Nevertheless, since GLI is not a theory but rather a practical approach, it is important to classify it theoretically. An abstract presentation helps to recognize what unites these theories and how they relate to GLI. To conclude this chapter, I will discuss what distinguishes the theories from classical neoliberal theory and what claims and potentials arise from this for the practice of GLI.

3.3.1. Doughnut Economics

Rising inequalities and the threat to our planet due to a changing climate have led many researchers and activists to question current economic models. Kate Raworth is one of them. Born in 1970, Kate Raworth studied economics at Oxford, then worked at Oxfam and the United Nations, and is a Visiting Research Fellow and Advisory Board Member of the Environmental Change Institute at the University of Oxford (Raworth 2017: 222). She questions the pursuit of ever more growth in our global economy and suggests a new model: the "Doughnut Economics" (Raworth 2017). The name comes from the two rings that make up the core of the model and resemble the shape of a doughnut (see figure 2). On the one hand, there is the so-called "Social Foundation" and around it lies the "Ecological Ceiling" (Raworth 2017). These two rings can be understood as a social minimum and the upper limit given by planetary boundaries (Raworth 2017: 217). The area between the two rings—i.e., the 'dough' of the doughnut—forms what Raworth calls a "safe and just space for humanity to thrive" (ibid.: 218) without neglecting basic social needs or harming the environment through our actions. Breaking the social foundation results in shortfalls in factors such as food, energy, gender equality, and health, while crossing the ecological ceiling results in threats such as climate change, biodiversity loss, and pollution (ibid.: 217). Together the two dimensions form a holistic model for policymakers and corporations alike to draw the boundaries for their decision-making. The doughnut model can thus be understood as a compass for economies—not so much a model that claims to explain everything, but a guiding model.

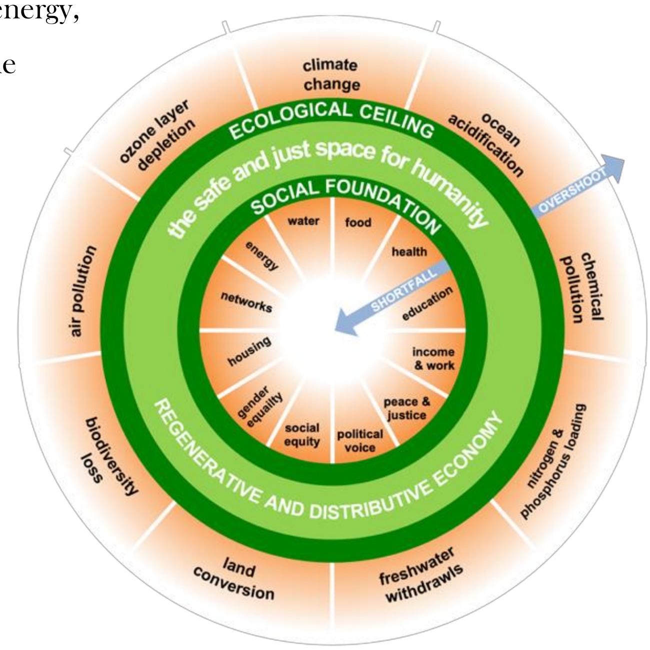

Figure 2: Doughnut Economics Model (DEAL 2022)

Raworth's model breaks with the longstanding economic tradition of neoliberalism. The author acknowledges the harm that has been created following the neoliberal narrative and calls for a new prioritization in the future:

> "Seventy years ago in April 1947, an ambitious band of economists crafted a neoliberal story of the economy and, since Thatcher and Reagan came to power in the 1980s, it has dominated the international stage. Its narrative about the efficiency of the market, the incompetence of the state, the domesticity of the household and

> the tragedy of the commons, has helped to push many societies towards social and ecological collapse. It's time to write a new economic story fit for this century—one that sees the economy's dependence on society and the living world." (Raworth 2017: 220)

Since the model is not to be understood as an explanation of current economic systems but as a blueprint of future economic activity that aligns with the priorities of the United Nations Sustainable Development Goals, there is still a lot to be done before we can assume that we are moving in a "safe and just space for humanity" (Raworth 2017: 218). First and foremost, Raworth strongly suggests changing the purpose of how business is being done. According to her, we should replace the growth fixation of economics with the doughnut, that is, use our limited resources in a way that allows us to maintain a balance between social and environmental limits: "This single switch of purpose transforms the meaning and shape of economic progress: from endless growth to thriving in balance." (Ibid.: 219) While she is very rigorous about the need to distance our thinking and economic planning from a growth-only-and-above-everything mantra, Raworth does not renounce economic growth as such. But she suggests taking a neutral position towards it (ibid.: 222). Consequently, it may be measured, recorded, and interpreted. However—regardless of whether growth is positive, negative, or stagnating—human and planetary well-being (in the doughnut) should be put first. This leitmotif presents a change in perspective and is designed to provoke an economic mindset shift.

To put the prioritization of people and the planet into practice while operating a business, companies need the support of financial partners who, in addition to generating a reasonable financial return, want to invest in the creation of different types of value over the long term—Raworth (2021: 282) mentions human, social, environmental, cultural, and physical value. According to Raworth, the current financial culture focuses too much on financial value, for example, in the form of share buybacks or dividend increases. Investors of any kind thus play a crucial role in implementing this mindset shift. The consideration of different types of value is closely related to stakeholder theory, which will be introduced in the next section.

3.3.2. Stakeholder Theory

Within the management literature, stakeholder theory is a widely discussed theory representing the prominent paradigm for corporate social responsibility (CSR) (Rönnegard/Craig Smith 2019: 117). Stakeholder theory was initially articulated by Edward Freeman, a US-American professor of business administration and philosopher, in 1984. At the core of the theory is the relationship of a firm with society—more specifically, with different groups within society that are harmed or benefited by the firm (Matten et al. 2003: 110). It is looking at the purpose of a company or the *value* that is being created by it (Freeman et al. 2004: 364). This approach results in moral responsibility and accountability to all stakeholders affected by the business operations. What becomes clear is that there are more stakeholders involved than shareholders alone, but stakeholder theory deliberately treats shareholders as one among *many stakeholders* (ibid.: 365). Meaning, the purpose of the firm may be extended beyond creating profit, i.e., the value creation for shareholders remains one among *many* possible objectives: "Certainly shareholders are an important constituent and profits are a critical feature of this activity, but concern for profits is the result rather than the driver in the process of value creation." (Ibid.: 364) One example of other relationships are the ones with internal stakeholders such as employees or external stakeholders such as groups involved along the supply chain (ibid.: 365). Stakeholder theory thus acknowledges "a moral dimension to business activity" (ibid.: 368) that cannot be limited to financial figures.

Although widely discussed in management literature, stakeholder theory was not generally accepted among economists. As Dirk Matten, Andrew Crane, and Wendy Chapple (2003: 111), researchers at the International Centre for Corporate Social Responsibility, stress, the implementation of stakeholder theory has been facing obstacles in times of neoliberal governance. Competitiveness and a company's position in a free market have been the reigning notions. In that sense, "ethical or philanthropic responsibilities were not judged under the criterion of certain ethical values or social duties but under the clear perspective of corporate interests" (Matten et al. 2003: 111). Thus, elements of stakeholder theory might have been accepted and applied, but not coming from a stand of moral obligation but from a 'rational', profit-oriented point of view: if and as long as it makes good business sense to serve stakeholders' interests and concerns, it is worth pursuing. It is one thing to acknowledge that sound relationships with stakeholders are crucial to the functioning of a business (Freudenreich et al. 2020: 5). However, this misinterpretation of stakeholder theory is not matching its normative claims. Stakeholder theory breaks with the amoral view of business and seeks to provide a framework to address and manage relationships with all kinds of stakeholders (Freeman et al. 2004: 367). In doing so, it factors societal and ecological impacts into the notion of a company's value creation (Freudenreich et al. 2020: 7). Value creation is not merely seen as economic value creation for shareholders but as *multiple* value propositions while considering negative effects on all kinds of stakeholders (ibid.: 11). Consequently, corporate responsibilities stem from a moral imperative on the one hand and externalities of business activities on the other.

The gender-specific investment approach of GLI includes some hints of an extended view of stakeholder theory that goes beyond these opportunistic conceptions rooted in the neoliberal view of a company's purpose. Just like in the core debate within the literature on stakeholder theory, it deals with the matter of the private sector's obligations and responsibilities—in this case, for gender equality. Defining those impacted by business activities that uphold gender biases and inequalities among employees or in society at large as a group of a company's stakeholders, the question may be: "So how are corporations accountable on gender issues?" (Grosser/Moon 2005: 541) And subsequently, how can investors hold the investee companies accountable on these issues? Following the logic of stakeholder theory, the value creation processes of a company need to reflect if stakeholders consider gender-equitable outcomes valuable. Gender lens investors are essentially sending investee companies a sign that it is indeed a valuable matter to them.

3.3.3. Impact Economy

While stakeholder theory adopts a micro perspective of individual companies, elements raised in the previous discussion amount to a bigger picture of a different kind of economy. In his working paper on the impact economy (2020), Dirk Schoenmaker, professor of banking and finance and fellow at the think tank Bruegel in Brussels, reflects on ways to achieve the United Nations Sustainable Development Goals. Introducing the idea of an impact economy, he links the discussion of corporate governance with economic governance. Concerning corporate governance and the role companies take up in society, he stresses that the system surrounding corporate actions plays a vital role: "Corporate governance must fit within the broader economic system to be successful." (Schoenmaker 2020: 1) Starting from the basic division of economic systems into a market economy and state economy, he presents the impact economy as the middle way. Similar to Raworth's approach of Doughnut Economics, Schoenmaker suggests leaving the paradigm of economic growth behind and instead focusing on broad welfare: Like this, "[c]ompanies transform from profit-maximising entities into purpose-driven organisations. Importantly, decision-making is no longer based on economic and financial factors only, but also on social and environmental factors." (Schoenmaker 2020: 2) While in a market economy, companies are primarily governed for private benefit of their shareholders—what Schoenmaker calls the shareholder model (ibid.: 3)—an impact economy aims at balancing profit and impact.

> "Since the Industrial Revolution, economic and financial capital have been accumulated building on social and natural capital, bringing us (material) prosperity at the expense of rising social inequality and environmental degradation. It is now

time to put economic and financial capital at the service of social and natural capital in order to deliver lasting prosperity for all." (Schoenmaker 2020: 14)

Instead of leaving the domain of the common good to the government, he sees a joint role for governments and companies to care for certain public goods, e.g., clean air and gender equality (Schoenmaker 2020: 3). According to Schoenmaker, one role of governments to support companies on the journey to the purpose-shift towards integrated value creation (ibid.: 9) would be the implementation of institutionally required integrated reporting by companies. By integrated reporting, he understands a reporting that complements the financial reporting standards with sustainability reporting. (Ibid.: 10f.) As discussed in chapter 4.1., this sort of integrated reporting is being discussed among European Union policymakers, and regulations to this end are underway. A closer examination of the reporting requirements for corporate executives concerning the aim of gender equality will therefore contribute to the discussions and reveal the possibilities for non-professional investors to become gender lens investors.

All three approaches introduced have in common that they understand corporate value creation as something that cannot be limited to financial value creation. Instead, a company is embedded in broader economic systems. It cannot be isolated from the natural environment, and it affects the social relations—within and beyond the organization. Based on this position, responsibilities arise for corporate and public leaders alike. This take on a business' purpose fundamentally differs from what the American economist Milton Friedman first propagated in an article in the New York Times Magazine in 1970 and what became the prevailing doctrine at business schools and has been adopted by many executives: "There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits." (Friedman 1970: 6) Friedman's view is what can be summarized under the "separation thesis" (Freeman et al. 2004: 364), which is the assumption that ethics and business can and should be separated. It is the idea that the economy would be completely independent of the moral and political. The normative approaches presented above have in common that they do not see business and politics/society as two separate spheres but recognize their interdependencies. The approach of GLI, too, breaks with the separation thesis and aligns with the core ideas of doughnut economics, stakeholder theory, and the idea of an impact economy since the value of an investment is evaluated by looking at more aspects than financial performance. To understand the transformative potential of GLI better, the key promises of the approach shall be elaborated in the following.

3.4. Gender Lens Investing as Driver for Change

Gender lens investing (GLI) is the attempt to let gender analyses inform and influence investment decisions. This raises the question of what nature of change is intended and can be brought about by gender lens investors: What potentially productive transformations does the practice set up? What alternative meanings are being opened? What spaces are being created for feminist engagement?

The most obvious change is the application of a gender lens, i.e., adopting a new perspective to the decision-making process that previously has been driven by concerns for risk and return only. This gender lens certainly sharpens the view of investors for inequalities, for impediments in the system and for new opportunities to create value (Kaplan/VanderBrug 2014: 36). If taken seriously, this focus on gender inevitably requires investors to reflect on power dynamics, on privilege and historical disadvantages to overcome (Quinlan/VanderBrug 2017: 72). The rationale behind the practice is that by recognizing and directing attention towards gendered biases and historic patterns of marginalization, potential can be unlocked—from a societal perspective, as well as a financial one (Subramanian et al. 2021: 5). The intended impact therefore goes beyond the individual goals of the gender lens investor, as historically grown biases are to be overcome: "It is crucial to note that *the fundamental argument underpinning gender lens investing is not about women and girls per se; it is about unlocking the potential of populations marginalized by systematic gender-based biases.*" (ibid. emph.i.o.) On the one hand, this statement refers to the fact that gender is not binary and thus goes beyond women and girls; on the other hand, it makes clear that gendered norms and expected behaviors limit potential—across genders.

GLI essentially unites two dimensions. For one, it is about addressing inequalities of the past. Secondly, it is about creating a change in the system that draws a more equitable path for the future. What makes the concept contestable is the difficulty of achieving these normative goals within the parameters of the capitalist system:

> "Investing with a gender lens is about creating a new economic logic that bridges the market logic of financial returns with the feminist logic of women's equality. [...] Gender lens investing builds a bridge between these two worlds. It is not about investing in women as if they were commodities, nor abandoning feminism (with its roots in anti-capitalism). Rather, the movement promotes gender analysis as a way of reshaping the system to change what we value as we invest. Paying attention to gender is not just about having a social conscience, nor is it about adding to our list of environmental, social, and governance investment screens. Instead, [it] is about

applying a gender lens to highlight the ways that gender is material to financial outcomes and financial outcomes are material to gender." (Kaplan/VanderBrug 2014: 38)

Thus, at the core of the movement is the premise to make visible what has been neglected before and, in doing so, reshaping the nature of the investment practice but also of the neoliberal realities of those marginalized by gendered biases.

The specific implementation of the idea differs depending on the context. However, three gender lenses have emerged in the context of GLI (Quinlan/VanderBrug 2017: 73). To serve the function of the GLI, investors may direct their attention towards (1) providing access to capital, (2) promoting workplace equity and (3) stimulating the production of products and services that are beneficial to women and girls (Kaplan/VanderBrug 2014: 38).

Figure 3: Gender lens focuses (Kaplan/VanderBrug 2014: 38)

The first focus, providing access to capital, is all about involving women as investors and investees alike (Kaplan/VanderBrug 2014: 38). As shown in chapter 3.1., women are facing multiple barriers when it comes to accessing capital, and they are underrepresented in the manly-dominated financial industry. GLI is asking *who* is accessing capital and on what grounds. At the same time, it is questioning who is allocating the capital and thus able to demonstrate agency. Simply put, "a gender lens on access to capital challenges embedded beliefs about how the system for capital allocation works" (Kaplan/VanderBrug 2014: 39).

Promoting workplace equity through investments is meant to value diversity within an organization and structures that promote equal rights and pay for all. The fundamental question to ask when applying a gender lens to the dynamics of a workplace is, "How are women's leadership and equal rights valued?" (Kaplan/VanderBrug 2014: 39). This may also shift the focus towards a workplace's suitability for those combining paid work and care work (Grosser/Moon 2005: 547). When evaluating an investee company with regard to gender equality, conversations about women's experiences inside and outside the organization are opened up. The goal is to understand the gendered dynamics in organizations (Kaplan/VanderBrug 2014: 40).

The third focus is on the products and services offered by a given company. Applying a gender lens to this element means investing in those companies that are designing products and offering services that improve women's lives in a very practical way, one example being pharmaceuticals that have been developed and adjusted specifically for women to cater to their needs (Kaplan/VanderBrug 2014: 38). It is also about checking whether women have been involved in the design process so that products are not only designed *for* them but also *with* them (ibid.: 40).

While the three focuses pose a useful starting point to a gender analysis for investment decisions, investors are not limited to them when identifying opportunities for progress towards a more gender equitable economy and society. Generally, it can be stated that "the goals of gender-focused investment vehicles are both to generate returns and to use the power of these investments to help push companies toward gender equity" (Kaplan/VanderBrug 2014: 39).
Gender lens investors are taking up a stewardship role to steer companies toward more gender-equitable business practices. As Schoenmaker clarifies for the goal of an impact economy, the financial sector can accelerate the transition by fulfilling its allocation and monitoring roles (Schoenmaker 2020: 12). A similar role applies to any type of capital allocation—whether it is allocated by institutional investors or non-professional investors. The great challenge to fulfill this role, however, lies in the available information to base investment decisions upon. The gendered experience within an organization, for instance, often remains a black box to outsiders. Therefore, efforts to promote the practice of GLI need to be matched with regulatory efforts that increase transparency: "Obviously the impact of such practices is most likely to be transformational in societal terms when consideration of gender issues is extended beyond individual company voluntary practice, and incorporated into broader CSR systems of governance and accountability." (Grosser/Moon 2005: 548) Only then the potential for transformation can be realized. Increasing the visibility for more facets of the organizational governance structures and workplace dynamics represents the basis for gender lens investments—provided this information is used to hold companies accountable. Therefore, this thesis shall shed light on current regulatory developments that intend to allow for greater accountability and thus enable non-professional investors to further engage in the GLI debate and practice.

Independent of the data to be provided as specified by the regulatory authorities, Subramanian, Muirow and Anderson find that "currently gender lens investing lacks a commitment to a deeper understanding of how gender functions and how that can be translated into investment approaches" (Subramanian et al. 2021: 13). They point to the shortcomings of current gender analyses in the field of investing and find a gap between gender theory and GLI, which is mainly characterized by (1) a binary understanding of gender, (2) a rootedness in Global North societal norms, and (3) a missing link to the political and economic systems individuals operate in (ibid.: 9f.). They also come to the conclusion that a lack of transparency paired with inaccessibility of data poses a tremendous challenge when trying to comprehend the gender analyses applied in the first place (ibid.: 10). Because of these challenges and shortcomings, the practice of GLI is not yet as widespread as it has the potential to be. To add to what Subramanian, Muirow and Anderson rightly state, that "influencing gender lens investing is a potentially underutilized tool for social change actors" (Subramanian et al. 2021), I claim that there is a lack of attention on how non-professional investors can engage in these social change processes that the GLI field offers.

In this chapter, it was shown that the idea and practice of GLI yield a range of progressive ideals as well as contradictions. It contributes to the debate of a re-imagination of the economy while it certainly also involves the logic of neoliberal capitalism. To unfold the approach's transformative potential, there is a need for accountability systems and a deepened understanding of possible gender analyses to include in investment approaches. The following chapters will therefore cover a review and analysis of the current institutional framework of sustainability disclosures (chapter 4), followed by an assessment of how the field conceptualizes gendered impact (chapter 5).

4. Frameworks of Sustainability Disclosures

Corporate responsibility reporting has gained greater relevance for companies, citizens, and policymakers all over the world due to the adoption of either mandatory or voluntary regulations. In a broad sense, the concept of sustainability reporting describes a company's effort to measure and document its performance regarding Environmental, Social, and Governance (ESG) issues. There is a series of private initiatives issuing guidance and standards to follow for sustainability reporting. Examples include the Global Reporting Initiative (GRI) and the standards of the Sustainability Accounting Standards Board (SASB). The Sustainable Stock Exchanges Initiative shows that these two are the reporting instruments that are most often referenced in stock exchange guidance documents—with GRI being referenced in 96% of the documents and SASB in 79% of the documents (Sustainable Stock Exchanges Initiative 2022). While some standards are more often used than others, the standards are not yet harmonized, leading to diverse reporting practices that do not allow for comparability and transparency. As elaborated in the previous chapters, recently, there are also international organizations and institutions, such as the European Union, regulating the sustainability reporting practice. While it has been mandatory for certain companies to issue a report and cover several thematic aspects according to the Non-Financial Reporting Directive (NFRD), the Corporate Sustainability Reporting Directive (CSRD) will even require many companies to report according to a common standard, the European Sustainability Reporting Standards (ESRS). Another example is the mandatory integrated reporting in South Africa, where in 2010, the Johannesburg Stock Exchange initiated a compulsory compliance disclosure norm for listed companies (Stolowy/Paugam 2018: 526f.). Monica Singhaniaa and Neha Saini, two Indian management researchers, conducted a comparative analysis of developed and developing countries on ESG regulatory frameworks and highlighted that South Africa, as a consequence of the regulatory changes, takes a leading role in sustainability reporting: "South Africa was the leading country in Middle East and African region with 96% sustainability reporting rates and with 94% integrated reports being published." (Singhania/Saini 2021: 19) In sum, there are various regulatory efforts and standards to guide companies in the exercise of social and environmental reporting. This chapter covers current institutional frameworks in the European Union (EU), as well as practical gender equality frameworks to later explore gender-related indicators that enable an assessment of a company's efforts for gender equality.

4.1. Institutional Frameworks

First, an introduction will be given to the current institutional framework of sustainability disclosures in the European Union (EU) that has an impact on companies' reporting practices around the world. Special attention is drawn to the Non-Financial Reporting Directive (NFRD 2014) and the proposed Corporate Sustainability Reporting Directive (CSRD) (European Commission 2021b), which is meant to replace the NFRD in the future. Both directives will be analyzed with regard to the specific requirements they hold for companies on their gender equality reporting. A comparative document analysis of both directives will contribute to answering (sub)question 1: *What gender-relevant information do listed companies have to report?*

4.1.1. Status Quo: Corporate Sustainability Reporting Practices in the EU

As a first step, the current European Union regulation on corporate sustainability reporting will be introduced. The subchapter shall inform about the status quo and shed light on problems that occur for non-professional investors out of this practice. An understanding of the tensions between regulatory requirements, corporate reporting practices and stakeholder needs will enable a contextualized view of current debates in the field and allow for a sound analysis of the gender dimension in the regulatory framework in a concluding subchapter 4.1.3 (The Gender Dimension in Sustainability Reporting Directives).

It has been common for publicly listed companies to report on their financial status. This makes sense because stakeholders such as investors need to know about the financial health of the company and strategic direction to be able to decide on investments. The use of financial reporting standards is mandatory and there are audit requirements in place, resulting in a high level of comparability and reliability for users (European Commission 2021a: 13). Annual reports focused almost entirely on this financial information. This has changed over the past years, with more and more companies also reporting on so-called non-financial matters. A crucial milestone to this end was the introduction of the Principles for Responsible Investment (PRI) in 2005 to include Environmental, Social, and Governance factors (ESG) into investment decisions (Singhania/Saini 2021: 2). While being an initiative for investors (more specifically: asset owners, investment managers and service providers to asset owners and/or investment managers), it had a strong effect on companies and their reporting practices, too, since institutional investors have been stimulating the adoption of ESG factors at the company level (ibid.). This includes the incorporation of environmental issues, such as biodiversity and sustainable land use, social issues,

like human rights and diversity equity, and governance issues, such as tax fairness and anti-corruption, into reporting practices.
The number of PRI signatories has grown continuously from 63 signatories in 2006 to 3826 signatories in 2021 (PRI Association 2022), showing the growing interest in sustainability matters in the finance industry. As more attention was drawn to the integration of ESG factors, questions relating to the scope and content of ESG reporting rose. Thus, more and more voluntary, private standards evolved to standardize and facilitate sustainability reporting for companies: "Widely accepted benchmark practices of sustainability reporting developed as per Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) also contributed towards integrating sustainability reports with financial reports of companies." (Singhania/Saini 2021: 3)

Nevertheless, the reporting landscape has been fractured and inconsistent. Companies have not been providing sufficient information—if any information at all—to equip interested stakeholders for decisions on organizations' responsibility. This has resulted in accountability gaps and difficulty in assessing the impact of large corporates. To address the inconsistency and lack of minimum requirements, the European Commission proposed the directive on corporate social responsibility reporting that is currently in force, namely the Non-Financial Reporting Directive (NFRD). "By making [non-financial reporting] compulsory for companies, the EU is attempting to make [non-financial reporting] practices noteworthy in the eyes of companies and society." (La Torre et al. 2020: 702)

The NFRD was adopted in 2014 and came into effect in 2018 for the reporting period of the financial year 2017. The rationale behind the directive is "to increase the relevance, consistency and comparability of information disclosed by certain large undertakings and groups across the Union" (NFRD 2014: 4), and its main goals were (1) to set minimum requirements and guidance for reporting companies and (2) to increase transparency on the impact of large companies on society. For the first time in the EU, the NFRD made it mandatory for certain companies to report on non-financial matters, moving away from purely voluntary reporting (Doni et al. 2020: 795). This means that large public-interest companies, banks and insurance companies with more than 500 employees have been reporting on matters concerning the environment, social responsibility, treatment of their employees, human rights, anti-corruption, and diversity on company boards (NFRD 2014: 4). Regarding those matters, as is explained in the Commission Staff Working Document accompanying the proposal for a new directive, the NFRD "requires companies to disclose information about five business concepts: business model, policies (including due diligence processes implemented), the outcome of those policies, risks and risk management, and key performance indicators (KPIs) relevant to the business" (European Commission 2021a: 107). The visualization below depicts the cross-references between non-financial issues and business concepts. Taking the example of risk and risk management, a company may consider disclosing material information on human rights, labor, and environmental protection risks in its supply and subcontracting chain, as well as how the business controls and reduces any negative effects (ibid.: 113).

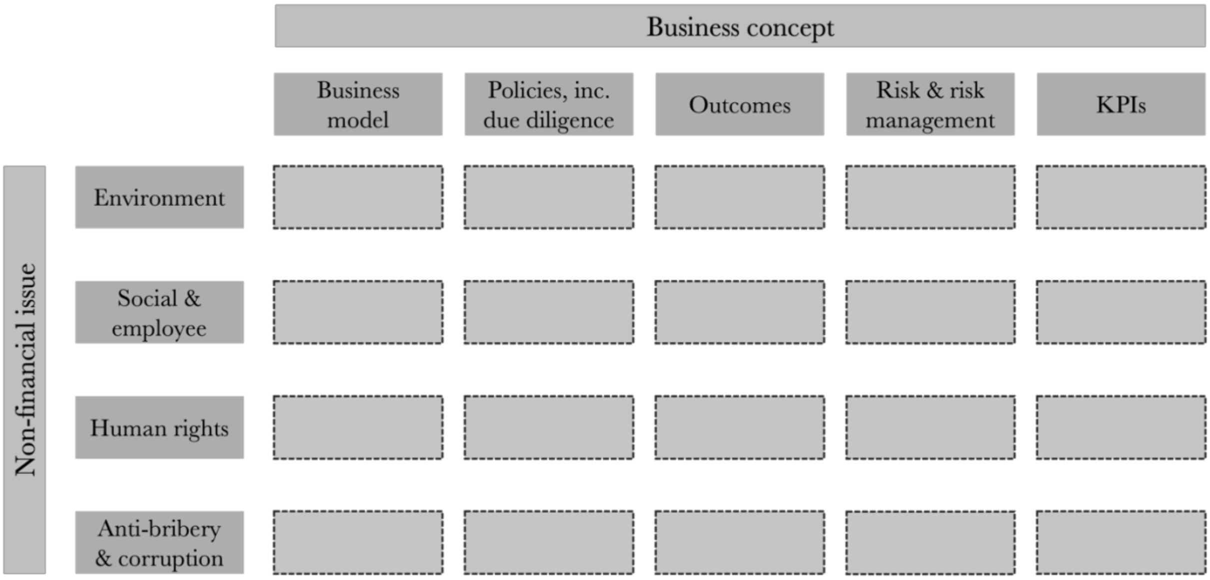

Figure 4: Required non-financial information according to the Non-Financial Reporting Directive (European Commission 2021a: 107)

The directive provided that the Commission publishes guidelines for companies to consistently and comparably disclose non-financial information that is relevant to stakeholders. These guidelines suggest certain key performance indicators to facilitate the disclosure of non-financial information. Examples of Key Performance Indicators (KPIs) with regard to the non-financial matter of the environment include greenhouse gas emissions or recycling rates, while an example of social and employee matter KPIs is the number of employees entitled to parental leave, by gender (European Commission 2017: 16). However, the guidelines are of a non-binding nature, meaning that companies are to decide what they deem relevant to track and report. Ultimately, companies are only required to disclose information "to the extent necessary for an understanding of [their] development, performance, position and impact of [their] activity" (NFRD 2014: 4).

The NFRD's innovative element is the fact that companies falling under the directive not only need to report on non-financial matters that potentially pose a threat or opportunity to the business performance but also on how the company affects the environment and society. This perspective was later referenced as "double materiality" (European Commission 2021a: 4). In practice, though, the double materiality did not fully enter the reports, leaving the information to understand the impact of companies under-reported: “That is referred to as the double-materiality perspective, in which the risks to the undertaking and the impacts of the undertaking each represent one materiality perspective. The fitness check on corporate reporting shows that those two perspectives are often not well understood or applied.” (European Commission 2021b: 28) Another reason for the missing reporting according to the principle of double materiality may be the non-binding nature of this element (La Torre et al. 2020: 718). This is one of the challenges associated with the current directive that will be elaborated on in more detail in the following.

The current reporting directive in place, the Non-Financial Reporting Directive (NFRD), poses multiple problems for stakeholders interested in sustainability information. They can be summarized in the scope of the reporting practice on the one hand and the quality of it on the other hand.
Concerning the scope, it is mentioned that only large listed companies, banks and insurance companies with more than 500 employees are required to report on non-financial information at all (European Commission 2021a: 12). The limited eligibility criteria for the directive are problematic because the largest part of the European economy is left out (Fiandrino et al. 2022: 276). The result is that there are many companies from which stakeholders seek information that they do not report (European Commission 2021b: 2). A second issue with the scope of the reporting is on the topics to be reported about. The NFRD requires certain companies to report on “environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters” (ibid.: 23). As the Commission is pointing out, the information reported does not meet the needs of civil society, investors, and other users (ibid.: 3). In fact, “responses to the open public consultation show that the 72% of users consider companies do not disclose all relevant non-financial information” (European Commission 2021a: 159). This problem can be summarized as a “cherry-picking approach” (Fiandrino et al. 2022: 282) to describe the company’s sustainability practices.

The reported information also does not meet the needs because of its quality. Meaning even if companies report on such issues, the information is generally not comparable enough to other companies’ reported information; it is neither sufficiently reliable nor sufficiently relevant (Fiandrino et al. 2022: 276). The European Commission acknowledges this problem by stating, “[t]he information reported is in many cases generic and summary in nature, and does not address particular issues or risks faced by the company” (European Commission 2021a: 158). Examples hereof are an under-reporting of negative impacts while highlighting the positive and a failure to provide information on the outcomes of company policies (ibid.: 158f.).

Another quality aspect is the accessibility of the information. The Commission finds that currently reported information is, first, not easy to access, and secondly, not easy to use (European Commission 2021b: 2). This lack of accessibility favors greenwashing behavior from the side of the reporting companies (Fiandrino et al. 2022: 284). The poor quality of reporting also results in a lack of information for investors—especially for non-professional investors that do not have the capacity to study the provided information. Without relevant, comparable, and reliable reporting on matters of corporate responsibility, users are exposed to investment risks since they do not have a sufficient basis of information for their investment decisions. Investors, therefore, cannot take sufficient account of the social and environmental impacts of their investments. This missing or deficient publicly available information on companies' impact results in inadequate financial flows to activities and companies that address social and environmental crises. In addition, there remains an accountability gap between society and companies, i.e., civil society, trade unions, and other stakeholders cannot effectively hold companies to account. (European Commission 2021a: 9)

The Commission identifies two main reasons for these problems: (1) the current directive is too flexible and not specific enough on what and how to report; and (2) there is a missing consensus on what companies should report in general due to a variety of reporting standards and frameworks (European Commission 2021a: 109). The reporting guidelines accompanying the directive make this obvious where they say:

> "Material information on certain categories of issues explicitly reflected in the Directive should be disclosed as a minimum. These include:
>
> - environmental, social and employee matters;
> - respect of human rights;
> - anti-corruption and bribery matters.
>
> Companies should also disclose any other material information." (European Commission 2017: 8)

This nonspecific guideline leaves a lot of leeway as to what is "material" to the companies. It means that companies decide whether the matters at stake are deemed material or not, and what they think is material might not be what the investors or the public think. Also, the suggested use of reporting standards is very vague and leaves room for much flexibility. The guideline mentions a long list of reporting standards, but they are mere suggestions for the companies, and it is not mandatory to use any specific, resulting in a yet very inconsistent reporting practice. The variety of reporting standards equally suggests that there is no clear and accepted definition of sustainability in the corporate context yet. Axel Haller, Michael Link and Tobias Groß, three financial accounting and auditing researchers from Germany, semantically analyzed the term 'non-financial information' regarding the NFRD. They find that "as all the other guidelines and requirements regarding 'non-financial information', the directive does not define its core-expression and gives, aside from some examples of 'non-financial information', only quite general guidance to interpret it" (Haller et al. 2017: 408, emph.i.o.). Especially non-professional investors need guidance to understand which business activities and financial products are sustainable to be able to unmask potential corporate misrepresentations:

> "This is not only a concern for institutional investors but also for retail investors. Today there is a wide range of sustainable financial products offered to retail investors who wish to invest in environmentally and/or socially sustainable activities. However, without clear definitions and categorisation of products and independent information there is a lack of guidance for them. Not having the means to buy ESG rating expertise as institutional investors have, they are even more potential victims of social washing." (Platform on Sustainable Finance 2022: 26)

To sum up, the NFRD is a major regulatory milestone to equip investors of all kinds with the information they need to hold companies accountable and make sustainable investment decisions. However, the preceding remarks have made clear where the current weaknesses of the reporting directive lie and what is lacking in a transparent reporting practice. In the entire debate, it is important to remember that reporting is not an end in itself but a means to more socially and environmentally acceptable economic activity. It is primarily about lived realities in companies and their effects on people and the environment. Against the backdrop of the NFRD shortcomings, regulatory requirements are currently changing. The current proposal of the European Commission is meant to extend and replace the NFRD. The following subchapter will cover the principal changes and current debates while drawing special attention to implicated changes for non-professional investors.

4.1.2. Regulatory Debates and Changes

In April 2021, the European Commission proposed to extend the existing reporting requirements of the Non-Financial Reporting Directive (NFRD) by adopting a new directive, namely the Corporate Sustainability Reporting Directive (CSRD). In this subchapter, it will be elaborated on these recent regulatory developments in European corporate sustainability reporting and auditing practice that will inevitably have a signaling effect and implications for companies around the world. A critical evaluation of the intended changes will allow for a tentative prognosis of available sustainability and gender-related information to hold companies accountable.

In the following, the intended changes are explained based on the European Commission's proposal of the Corporate Sustainability Reporting Directive (CSRD). The April 2021 draft was followed by a consultation process, after which a draft report with proposed amendments was published in November 2021, for which amendments were, in turn, proposed by the European Council in February 2022. On June 21, 2022, the Council and the Parliament reached a preliminary political agreement, the draft of which provides for amendments to the Commission's proposal. On November 10, 2022, the European Parliament adopted the final version of the CSRD. Finally, the CSRD was approved by the European Council on November 28, 2022. For this thesis, however, the initial legislative proposal serves as a sufficient basis for the analysis, as it includes the major changes in terms of content and form to come; besides the fact that the scope of this research does not allow for an in-depth analysis of every legislative step in the process.

By providing more specific reporting criteria and increasing the number of businesses that must comply, the CSRD will replace and enhance the NFRD. The biggest difference to the NFRD is that CSRD specifies the questions that companies must answer, while NFRD asks companies to disclose sustainability indicators that they consider material. The extension of the reporting requirements will have a fundamental impact on the field of sustainable investing of any kind; simply put by the Commission: "It will provide savers and investors who want to invest sustainably with the possibility to do so." (European Commission 2021b: 10)

As was elaborated in the previous subchapter, the main challenges of the NFRD sustainability reporting requirements are the limited scope of the directive and the vague guidelines that lead to the provision of incomparable, partly irrelevant, and inaccessible information. The CSRD is meant to address these challenges by introducing four principal novelties: (1) the extension of the scope of the directive to more companies, (2) the requirement of auditing of the reported information, (3) the introduction of mandatory European Sustainability Reporting Standards (ESRS), and (4) the requirement of integrated reporting (European Commission 2021b: 5).
While under the NFRD, only approx. 11.600 large companies had to report on non-financial information, the CSRD will be relevant for almost 50.000 companies, including all large companies and those listed on EU regulated markets (European Commission 2021b: 10). The

only exception from the directive will be listed micro-enterprises (ibid.). As the commission highlights, this will not only apply to European companies but go beyond: “The scope would include companies not established in the EU that are listed on EU regulated markets, and the EU subsidiaries of non-EU companies.” (European Commission 2021b: 10) For non-professional investors, this results in a significantly extended information base on most listed companies.

Next to the fact that more companies will need to provide sustainability information, non-professional investors will be able to trust the information made public by the companies more as the CSRD will require auditing of it. While under the NFRD, auditors merely needed to check that the company has provided any kind of non-financial statement, according to the CSRD, they will need to ensure the content as well (European Commission 2021a: 4). Consequently, investors and civil society can assume that it has been independently verified, limiting the possibility of social washing and greenwashing.

The CSRD comes with the requirement to report according to common and mandatory European Sustainability Reporting Standards (ESRS). Article 19 of the Directive will be extended by Article 19b, saying:

> “1. The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards. Those sustainability reporting standards shall specify the information that undertakings are to report in accordance with Articles 19a and 29a and, where relevant, shall specify the structure in which that information shall be reported.” (European Commission 2021b: 45)

The Commission, thus, proposes the development of a harmonized set of standards specifying exactly what needs to be reported. In terms of topics the standards should cover, the Commission includes environmental aspects—such as resource use and circular economy, pollution and biodiversity—, social aspects—including equal opportunities for all, working conditions, and respect for human rights—and governance aspects, e.g., a company’s internal control and risk management systems (European Commission 2021b: 45). Non-professional investors and the preparers of the reports alike will know exactly which information is expected in the report. As the Commission highlights, “the development of mandatory common sustainability reporting standards is necessary to progress to a situation in which sustainability information has a status comparable to that of financial information” (ibid.: 30).

The European Financial Reporting Advisory Group (EFRAG) is providing technical advice to develop these standards. In November 2022, EFRAG published the final draft standards that will form the basis for the analysis in chapter 4.1.3. (The Gender Dimension in Sustainability Reporting Directives). They are organized along the major topics set by the Commission. In addition, there are cross-cutting standards concerning general requirements, ESRS 1 (EFRAG 2022b), and general disclosures, ESRS 2 (EFRAG 2022c).

Finally, the CSRD foresees integral reporting, meaning that all sustainability information is to be published as part of the company's management report (European Commission 2021b: 5). Concerning the NFRD, research finds that "the limited approach to effectively integrate financial and non-financial corporate reporting by companies can represent a serious barrier to harmonize one of the most important formal aspects of reporting, i.e., the positioning of non-financial information into corporate reporting" (Doni et al. 2020: 796). Moreover, the information shall be digitally tagged, making it more easily findable. Both aspects have practical implications for the users of the information. Firstly, the accessibility of the information will be improved as all information—financial and non-financial—is in one place, and secondly, the interdependencies between the two layers of reporting will become more understandable, showing a holistic view of a company's value creation, impact on sustainability matters, as well as risks and opportunities.

According to the legislative proposal, a preliminary set of standards was meant to be adopted in October 2022. However, the final draft ESRS were only published in November 2022, indicating a delay in the timeline. A second set of complementary standards is planned to be adopted by October 2023, which will include sector-specific information (European Commission 2021b: 35). According to Article 6 of the proposed directive, large companies and listed companies will need to start reporting to the new ESRS in 2024, using the information from the 2023 financial year (ibid.: 65).[2]

Furthermore, the Commission claims that these changes are promoting a paradigm shift towards an economy where both financial and sustainable information guide company decisions:

> "The proposed option will have indirect positive effects on respect for fundamental rights, as well as on people and the environment, since more stringent reporting requirements can influence corporate behaviour for the better. It should serve to make companies more aware of fundamental rights and positively influence how they identify and manage actual and potential adverse impacts on fundamental rights. It should also increase capital flows to companies that respect fundamental rights, and

[2] The scope of this master thesis is limited. Therefore, the legislative proposal and the draft standards (as of N ovember 2022) were used as the basis for the analysis. The text of the final Directive, however, could not be considered.

in general make companies more accountable for their impact on fundamental rights." (European Commission 2021b: 12)

The following table (see figure 5) serves as a summary and overview of the proposed changes that come along with the adoption of the CSRD.

	Non-Financial Reporting Directive (NFRD)	Corporate Sustainability Reporting Directive (CSRD)
Scope	only large listed companies, banks and insurance companies with more than 500 employees, ca. 11.600	all large companies and listed companies (except listed micro-companies), ca. 49.000
Audit and assurance	requirement of the auditor to check that the company has provided a non-financial statement	requirement of the auditor to assure the content of the sustainability information disclosed
Information to disclose	environment, social and employee, human rights, anti-bribery and corruption	environmental factors, social factors, governance factor—according to ESRS
Guidelines and standards	non-binding Guidelines on non-financial reporting (methodology for reporting non-financial information) (2017/C 215/01)	mandatory European Sustainability Reporting Standards (ESRS)
Where and when to report	as of Financial Year 2017, in the management report or separately	as of Financial Year 2023, in the management report

Figure 5: Overview of principal changes NFRD vs. CSRD (European Commission 2021b), (graph K.H.)

In the debate of a re-imagination of the economy, chapter 3 showed that the common denominator of the approaches introduced, namely Doughnut Economics (Raworth 2017), Stakeholder Theory (Freeman et al. 2004), and Impact Economy (Schoenmaker 2020), is an understanding of corporate value creation as something that cannot be isolated from the natural environment nor is it detached from society. According to these models and ideas, a company's purpose is, therefore, to work towards a positive impact on both the financial performance and the stakeholders affected by the company's activities. The underlying premise is that more sophisticated reporting requirements will positively influence corporate impacts on sustainability matters. A study on sustainability performance and financial performance of listed companies in South Africa, where integrated reporting has been mandatory for all companies listed on the Johannesburg Stock Exchange since 2010, clarifies that high-quality integrated reporting is significantly associated with high levels of sustainability performance of the companies, as well as high financial return for investors (i.e., earnings per share) (Mans-Kemp/van der Lugt 2020).

Another study finds that integrated reporting is indeed associated with both improved external information and better internal decision-making (Barth et al. 2017).

In that sense, the CSRD can be described as the future of mandatory and quality sustainability reporting in the European Union.[3] Most likely, it will take companies and auditors time to adapt to the new reporting requirements, but eventually, the database and expertise in companies will expand. It remains open to question if the updated reports take on an easily understandable nature so that anyone interested in the information, including non-professional investors, can comprehend and apply it to their decision-making. Especially because it is documented that investors are already facing an "information overload" (Stolowy/Paugam 2018: 526).
Nevertheless, the ESRS are a clear step towards improved accountability and a more responsible economy. For as Roberts rightly says, without (mandatory) accountability systems, there is a danger that feminist concerns will rely on voluntary efforts in firms, reinforcing the dominance of the finance industry (Roberts 2016: 78f.). As shown in chapter 3, regulatory efforts to increase transparency and to include gender issues in corporate sustainability systems of accountability are a prerequisite to promote the practice of GLI on all levels (Grosser/Moon 2005: 548). To understand which indicators and aspects the ESRS cover to measure progress toward a more gender-equitable economy and society, a comparative document analysis of the gender dimension in the guidelines on non-financial reporting vs. in the final draft ESRS has been conducted. The analysis aims to answer the first (sub)question: *What gender-relevant information do listed companies have to report?* The following subchapter provides its main findings.

4.1.3. The Gender Dimension in Sustainability Reporting Directives

With the proposal of the Corporate Sustainability Reporting Directive (CSRD), the European Commission is introducing binding EU-wide standards for sustainability reporting—European Sustainability Reporting Standards (ESRS)—that contain detailed requirements regarding the information to be provided by the companies falling under the directive. Against the background of the global goal of this thesis, namely, to provide non-professional investors with a simple strategy for selecting gender-equitable investments based on publicly available information, it is crucial to carve out the gender-relevant pieces of information that are soon to be made publicly available by listed companies. The following section provides the findings from the analysis of the two directives with regard to their gender dimension.

[3] Due to the limited scope of this thesis, developments in other regions cannot be covered. However, the CSRD will have an impact on a global scale since multinational companies will be affected by the regulation, including non-EU companies that are listed on EU regulated markets (European Commission 2021b: 10).

The ESRS are organized along three categories: (1) *cross-cutting standards* covering general principles and approaches to assess a company's principal sustainability impacts, risks, and opportunities, (2) *topical standards* covering environment-related matters (ESRS E1-E5), social-related matters (ESRS S1-S4), and governance-related matters (ESRS G1), and (3) *sector-specific standards* (EFRAG 2022a: 8f.).
The social topical standards are, in turn, subdivided into four "[categories] of population potentially concerned by the listed social matters" (ibid.: 9). Accordingly, there is one social standard dealing with issues for the *own workforce* of the company, ESRS S1 (EFRAG 2022d), the *workers in the value chain*, ESRS S2 (EFRAG 2022e), *affected communities,* ESRS S3 (EFRAG 2022f), and *end-users/consumers* of the products and services, ESRS S4 (EFRAG 2022g). The main topics across the social standards are (1) equal opportunities for all, (2) working conditions, and (3) human rights—following the respective list of sustainability information to be covered by the ESRS in Article 19b(2) of the CSRD proposal (European Commission 2021b: 46).

The NFRD and the CSRD share certain similarities. Both directives include gender equality as a material aspect of (social) sustainability or non-financial information. The concern for gender equality is located in the field of social and/or employee matters. In the NFRD, it says, "as regards social and employee-related matters, the information provided in the statement may concern the actions taken to ensure gender equality" (NFRD 2014: 2), whereas in the CSRD is phrased under the topic 'equal opportunities for all': "The sustainability reporting standards shall, taking into account the subject matter of a particular standard: [...] specify the information that undertakings are to disclose about social factors, including information about: (i) equal opportunities for all, including gender equality and equal pay for equal work, training and skills development, and employment and inclusion of people with disabilities." (European Commission 2021b: 46) While there is a reference to *gender* equality, both directives share a binary understanding of gender. When specified, there is explicit mention of men and women, e.g., "gap in the pay between women and men" (EFRAG 2022d: 18).

Concerning the understanding of sustainability in the two directives, there comes a shift in the structuring of the overarching thematic areas. While in the NFRD, there is a list of four thematic areas ("environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters" (NFRD 2014: 2)), the CSRD thematic aspects are kept more general with the threefold division of environmental, social, and governance matters (European Commission

2021b: 21). With that, the CSRD is now in line with the common general classification of ESG (Environmental, Social and Governance) in the field of sustainable finance. This is in line with the Commission's objective to "build on and contribute to international sustainability reporting initiatives" (European Commission 2021b: 4).

Another major difference that has been elaborated in a previous subchapter is the bindingness of the CSRD reporting requirements as opposed to the NFRD's non-binding guidelines. The guidelines were correspondingly vague. With regard to gender equality matters, there are only a few examples of Key Performance Indicators (KPIs) in the guidelines: "gender diversity and other aspects of diversity; employees entitled to parental leave, by gender; [...] the ratio of employees working under temporary contracts, by gender; average hours of training per year per employee, by gender" (European Commission 2017: 16). The text of the directive itself only speaks of gender equality as a broad concept and gender as a possible aspect of diversity policies: "The obligation to disclose diversity policies in relation to the administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender or educational and professional backgrounds." (NFRD 2014: 3) While it was optional to include gender as one aspect of diversity policies, the CSRD now makes it mandatory for companies to do so. The Commission justifies the decision as follows: "In order progress towards a more gender-balanced participation in economic decision-making, it is necessary to ensure that undertakings with securities listed on regulated markets always report on their gender diversity policies and the implementation thereof." (European Commission 2021b: 36f.) However, and this is a continuity from the NFRD, if companies do not have a diversity policy in place, they merely have to explain why: "If no such policy is applied, the statement shall contain an explanation as to why this is the case." (Ibid.: 48) Thus, there is no obligation to put a diversity policy in place. If companies can comply with the directive simply by explaining why they do not have a diversity policy, it is questionable how many will introduce one as a result of the new reporting requirements.

Moreover, in the NFRD, the idea of gender diversity in a company is understood as a simple head count exercise, as shown by the following guideline: "Companies should disclose specific measurable targets for relevant diversity aspects. It is particularly useful to set quantitative targets and timeframes, in particular regarding gender balance." (European Commission 2017: 20). This suggests that the primary objective behind this guideline is to merely extend the number of women in the workplace. How to make the lived realities in the company more gender equitable remains largely open to interpretation. 'Equal treatment' is not further specified in the NFRD guidelines, apart from the aforementioned examples. The CSRD proposal, including the draft standards, is much more specific in that regard. Figure 6 shows the concrete KPIs included as mandatory reporting requirements that have a direct gender reference or the requisite of gender-disaggregated data collection. The KPIs range from data on working conditions, including training and skills development and work-life balance, to equal opportunities, including gender pay gap and discrimination.

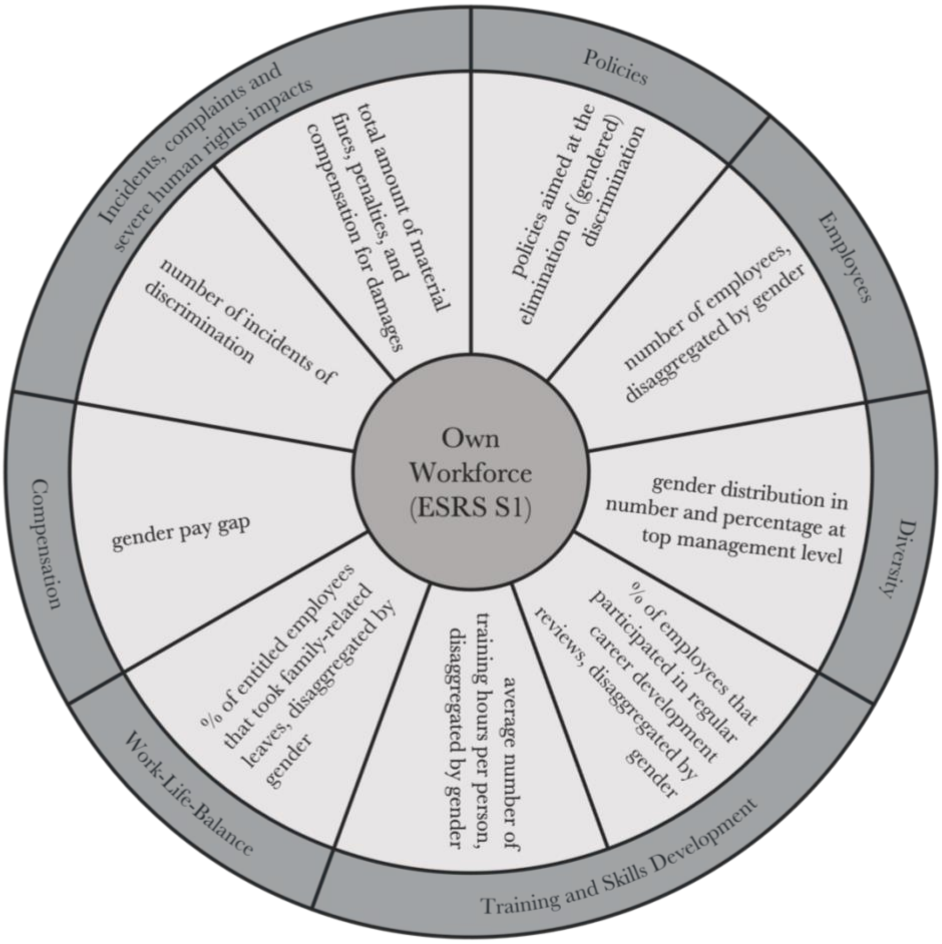

Figure 6: Overview of gender-related key performance indicators according to draft ESRS S1 (EFRAG 2022d), (graph K.H.)

Especially the reporting requirement on the gender pay gap can be interpreted as an achievement towards more gender-equal workplaces. While it is already mandatory in the UK since 2017 (UK Government 2020) and, e.g., Japan recently announced the introduction of mandatory disclosure requirements for large companies on their wage disparities (Ramage 2022), the majority of European companies lack behind in their reporting. Equileap, an organization collecting gender data on listed companies, conducted a study on the gender equality in 255 public companies in ten countries throughout Europe. It revealed that 72% of the companies assessed had not disclosed gender disaggregated pay information (Equileap 2020: 8). Making it mandatory for listed companies in the EU would result in significantly improved transparency on this crucial gender equality issue.

All indicators included in the overview of figure 6 can be found as specifications of ESRS S1 "Own workforce" (EFRAG 2022d). In the remaining social standards, ESRS S2-S4, gender-related aspects are only to be found in the respective application guidance that is attached to each draft standard (EFRAG 2022e, 2022f, 2022g). For workers in the value chain, for example, the required description of the types of workers subject to material impacts by a company's operation, special attention shall be given to women workers, among others: "Examples of particular characteristics of workers in the value chain that may be considered by the undertaking [...] relate to [...] women workers in a context where women are routinely discriminated against in the terms and conditions of work." (EFRAG 2022e: 14) Companies have to explain their process of gaining insights into the perspective of particularly vulnerable and/or marginalized workers in the value chain, which include women (ibid.: 6). In a similar logic, women are also mentioned multiple times as examples of affected communities in the ESRS S3 requirements:

> "Examples of particular characteristics of affected communities that may be considered by the undertaking [...] may be an affected community that is physically or economically isolated and is particularly susceptible to introduced diseases or has limited access to social services and therefore relies on infrastructure set up by the undertaking. It may be because where land worked by women is purchased by the undertaking and payments go to male heads of households, women become further disenfranchised in the community." (EFRAG 2022f: 12f.)

In this context the concept of intersectionality is mentioned for the first time: "In addition, the undertaking shall consider the intersectionality of characteristics such as ethnicity, socioeconomic status, migrant status and gender that may create overlapping risks of harm for certain affected communities." (EFRAG 2022f: 13) While it is certainly true that intersectionality is relevant here, one can argue that it is equally important with the own workforce or workers in the value chain because gender always intersects with other dimensions of inequality.

Regarding the application guidance on consumers and end-users-related disclosure requirements (ESRS S4), women are again highlighted as examples of where to focus special attention on:

> "Examples of particular characteristics of consumers and/or end-users that may be considered by the undertaking [...] relate to young consumers and/or end-users that may be more susceptible to impacts on their physical and mental development, [...] or they are women in a context where women are routinely discriminated against in

> their access to particular services or in the marketing of particular products." (EFRAG 2022g: 11f.)

All these examples for particular contexts in the application guidance of draft ESRS S2-S4 ("Workers in the value chain" (EFRAG 2022e), "Affected communities" (EFRAG 2022f), and "Consumers and end-users" (EFRAG 2022g)) take on an explanatory nature but are no concrete indicators to follow. However, it must be acknowledged that these aspects, which are mentioned as examples, would be very difficult to measure in generalized terms with KPIs as they are very case-dependent. It remains open whether sector-specific indicators will address these issues more concretely, e.g., against the background of gender dynamics in the mining sector. Taking the non-EU example of women's involvement in artisanal mining in eastern Democratic Republic of Congo, it becomes clear that women's work in the mining sector is a complex, ambiguous issue as it makes them vulnerable to sexual violence and exploitation, but it is also an important source of income (Bashwira et al. 2014). So, it would be extremely important here to raise questions about how companies in the mining sector impact women's positions in the sector, their capacities to earn a living but also how they affect gendered power relations between men and women.

Despite remaining limitations, the ESRS are likely to expand listed companies' reporting on issues that are key for realizing Sustainable Development Goal 5, "achieve gender equality and empower all women and girls" (United Nations Department of Economic and Social Affairs 2015). As the United Nations Research Institute for Social Development (UNRISD) states, until today, aspects of gender equality remain widely under-reported in conventional disclosure systems (UNRISD/r3.0 2020: 6). Another major limitation of conventional disclosure systems identified by UNRISD is missing thresholds linked to each sustainability performance indicator: "The assessment of progress generally fails to measure performance in relation to concrete time-bound benchmarks or normative targets associated with sustainability thresholds or fair patterns of allocation." (ibid.: 7) The problem associated with that is the missing context. Even with the CSRD, companies generally set their own targets related to the reporting standards. Already in 1998, Donella Meadows, a US environmental scientist and author, warned about the following:

> "[S]ustainability indicators should be related to carrying capacity or to threshold of danger or to targets. Tons of nutrient per year released into waterways means nothing to people. Amount released relative to the amount of waterways can absorb without becoming toxic or clogged begins to carry a message." (Meadows 1998: 14)

Sustainability indicators thus generally need contextualization to become meaningful instruments for change—they need science-based, standardized sustainability targets that the reported data can be compared to. Thresholds like the ones proposed by UNRISD would also mean a better adoption of the Doughnut Economics model (see chapter 3.3.) into practice, including an "Ecological Ceiling" and a "Social Foundation" (Raworth 2017) against which the data of companies' is measured.

Previous research on the inclusion of gender issues in voluntary corporate reporting guidelines has shown that the most striking limitations of conventional disclosure systems are the limited scope of gender issues, the fact that gender-related questions are often optional, and the failure to differentiate among diversity issues in cases where gender is simply subsumed within the category of 'diversity' (Grosser/Moon 2005: 542). Moreover, reporting guidelines oftentimes limit gender issues to the workplace—yet, the true gender impact of corporate practices goes beyond that and equally touches on matters of the marketplace or the environment (ibid.: 543). The latter is certainly accurate for the proposed ESRS as all concrete and therefore binding KPIs are referenced in draft ESRS S1, "Own workforce" (EFRAG 2022d). On a positive note, various gender issues found their way into the upcoming reporting standards that can no longer be treated as optional and incidental.

To summarize, one cannot currently expect much gender-related information in listed companies' reports because NFRD only gives very vague ideas of how to measure and report on gender equality. CSRD appears to be much improved in this respect, and in the future[4], non-professional investors will probably be able to see more easily how equal opportunities are in the company, and for instance, how many incidents of discrimination on the grounds of gender there are and how unequally men and women are paid. The change in reporting requirements is very important for transformational change on a wider scale because the reports prepared by the companies are the primary source of information for investors (Stolowy/Paugam 2018: 527). Changing them will necessarily influence investors' decision-making as more and more relevant data will be made available to the public.

While gender-related issues take up much more space in the new reporting directive, it is one aspect among many other sustainability issues. To contextualize the information to report by companies according to the ESRS, the upcoming chapter will focus on gender-specific reporting frameworks. The goal is to understand which factors play a crucial role in evaluating the gender

[4] The CSRD was proposed to change the sustainability reporting practice starting in 2024 (European Commission 2021b: 65). The observed delay in the Commission's timeline, however, indicates a postponement by one year. That means the first reports under the CSRD may be expected in 2025.

equality of companies. Gender frameworks and perspectives from gender lens investing experts will help assess whether the ESRS cover the relevant aspects and what is crucial for a transformation towards a more gender-equitable economy.

4.2. Practical Gender Equality Frameworks

The analysis of the gender content of the tentative European Sustainability Reporting Standards (ESRS) showed that it is generally recognized that gender matters affect pretty much all business areas—from the workforce across the value chain to the affected communities. Although issues around gender, diversity and non-discrimination oftentimes constitute thematic sections of social reporting standards, it is legitimate to ask how effective these accountability systems are when it comes to the goal of gender equality (Grosser/Moon 2005: 541). One must assume that frameworks and standards explicitly created with this goal in mind can provide more insight into how to promote gender equality in corporations and how to measure that impact. However, there is also no universal standard yet in the field of gender lens investing (GLI). As highlighted by the interviewed impact measurement expert, "the biggest problem [is], there is not enough standardization. And what that means is that you can't benchmark. And if you can't benchmark, how good are you really?" (I. 2: B271f.) Referring to the challenges in impact measurement and reporting, standardization is missing in terms of standardized indicators but also in terms of benchmarks that indicate a gender-equitable business. Nevertheless, the interviews conducted revealed three practical gender equality frameworks, the Women's Empowerment Principles (WEPs), the 2X Challenge, and the Impact Reporting and Investment Standards (IRIS+), that are commonly used by GLI practitioners. These three impact frameworks that are specifically focused on gender and the conducted interviews will provide the material basis for the analysis of how gender equity, meaning gender in the context of investments, is framed and conceptualized. Before assessing this gender lens in chapter 5, the selected standards will be introduced in more detail in the following sections.

4.2.1. The 2X Challenge in Alignment with IRIS+

From the viewpoints of three interviewees, there is an emerging global standard for GLI, namely the 2X Challenge—an initiative by the 2X Collaborative (I. 1: A56-59; I. 2: B9-11; I. 3: C42-44). Although not explicitly stated, the '2X' in the names of the organization and the standard can be interpreted as standing for the 2 X chromosomes, and thus an indication of the female sex. The 2X Challenge serves as a practical framework to assess and understand what GLI is, "it's sort of the global standard of what it means to be a gender lens investor. And it's a globally recognized set of criteria, so I'm 2X-aligned, so I am a gender lens investment as a business" (I. 1: A56-58).

Figure 7 summarizes the 2X Challenge framework. Another standard that has been mentioned in the interviews is the Global Impact Investing Network's system of Impact Reporting and Investment Standards (IRIS+), "the generally accepted system for measuring, managing, and optimizing impact" (Global Impact Investing Network 2022). The interviewed Senior Investment Analyst and Impact Measurement Manager describes the IRIS+ system as "the premious standard" (I. 2: B302) because it is "the platform that factors in the broadest amount of information [and] that will probably get the largest adoption" (I. 2: B295-302). The 2X Challenge was initially a joint effort of the Development Finance Institutions (DFIs) of the G7 countries. Back in 2018, when the 2X Challenge was launched, the goal was to mobilize capital to advance gender equality and women's economic empowerment in so-called developing countries (Jordan-Kirwan/Tengtio 2020: 3). In 2020, 15 DFIs worldwide joined the 2X Challenge and committed to adopting the indicators (ibid.). While the 2X Challenge stems from the field of development finance, the IRIS+ system addresses impact investors of any kind. Introduced and managed by the Global Impact Investing Network (GIIN), the IRIS+ system is a publicly available resource to measure and manage impact using standard metrics (Jordan-Kirwan/Tengtio 2020: 8).

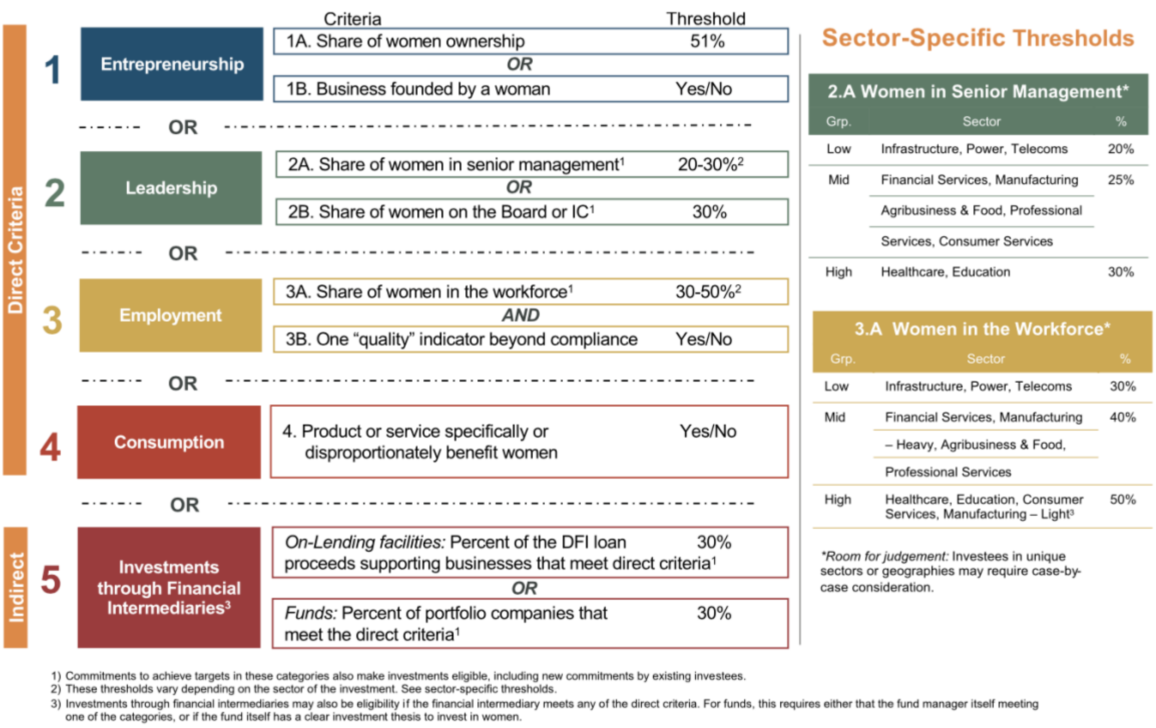

Figure 7: The 2X Challenge framework (Jordan-Kirwan/Tengtio 2020: 7)

Figure 7 depicts the various criteria—direct and indirect—that must be met in order to be aligned with the 2X Challenge. The guidance note "How to Measure the Gender Impact of Investments: Using the 2X Challenge Indicators in Alignment with IRIS+" (Jordan-Kirwan/Tengtio 2020) harmonizes these two essential frameworks or sets of indicators: (1) the 2X Challenge and (2) the

IRIS+ system. Instead of looking at both frameworks individually, this guidance note supports the efforts of harmonization and alignment, which, consequently, also facilitates the analysis for this thesis. It explains how the two measurement systems can be read and understood together. Together, the harmonized framework represents a set of key gender impact metrics that can be used for reporting and impact monitoring in the investment industry and beyond.

4.2.2. The Women's Empowerment Principles

Another framework that is commonly used and referenced in the GLI literature is the Women's Empowerment Principles (WEPs). The WEPs are a set of principles resulting out of a collaboration between the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact. They were established as a corporate code of conduct focusing on the empowerment of and investment in women worldwide (Grosser/Moon 2005: 538). The WEPs were mentioned as a suitable framework to assess a company's policies and the workplace (I. 1: A102-104).

Following the motto "equality means business" (Fälth et al. 2021), the Women's Empowerment Principles (WEPs) are a call to action for CEOs around the world to advance gender equality in their businesses. Building on the foundation of seven principles, the WEPs provide a holistic framework for companies to drive gender-equitable outcomes for society and businesses around the world. The seven principles touch upon important aspects of (1) leadership, (2) fair treatment and non-discrimination, (3) health and safety, (4) women's career development, (5) gender-sensitive marketing and supply chain practices, (6) community initiatives and (7) impact measurement and reporting (ibid.). Since 2010, signatories to the WEPs have committed themselves to fostering business practices that support women: "As of 1 March 2021, over 5,000 companies in 141 countries, representing collectively over 10 million employees, have signed and committed to implementing the WEPs." (ibid.: 7) They are not only used to signal a commitment to follow gender equality ambitions, but advisory firms also use the set of principles as a blueprint to work on a company's impact on women's lives and the strategies to improve them: "We do use the empowerment principles quite often. And that's the framework that we use when we look at a company's HR policies and landscape, but that is one aspect." (I. 1: A102-104) Companies are encouraged to be transparent and communicate their actions and progress towards the achievements regarding the seven principles.

The WEPs, however, are voluntary to follow, and a signature does not guarantee a gender-equitable company practice. Nevertheless, a study on the status of WEPs implementation of the largest 350 companies in the G7 countries was conducted by UN Women using a data set provided by Equileap, "the first organisation anywhere to formally measure gender equality in the global workplace" (Equileap 2022a: 5). The study indicates that signatories generally perform better on various crucial aspects of gender equality than non-WEPs signatories (Fälth/Rañola 2021: 24). One example of this is that "80.3 per cent of WEPs signatories have 30 per cent or more women on boards, compared to 61.6 per cent of non-WEPs signatories" (ibid.: 50).

A GENDER BALANCE IN LEADERSHIP & WORKFORCE

1 / Board of Directors
Gender balance of the company's board of directors and non-executive board (or supervisory board)

2 / Executives
Gender balance of the company's executives and executive board

3 / Senior Management
Gender balance of the company's senior management

4 / Workforce
Gender balance of the company's workforce

5 / Promotion & Career Development Opportunities
Gender balance of the company's senior management compared to the gender balance of the company's workforce, signalling career progression opportunities

B EQUAL COMPENSATION & WORK LIFE BALANCE

6 / Living Wage
Commitment to pay a living wage to all employees

7 / Gender Pay Gap
Transparency on gender pay data, strategy to close any gender pay gap and detailed performance in achieving this

8 / Parental Leave
Paid leave programs (at least 2/3 paid) for child care to both primary or secondary carers globally or at least in the country of incorporation

9 / Flexible Work Options
Option to employees to control and / or vary the start and end times of the work day, and / or vary the location from which employees work

C POLICIES PROMOTING GENDER EQUALITY

10 / Training and Career Development
Commitment to ensure equal access to training and career development irrespective of gender

11 / Recruitment Strategy
Commitment to ensure non-discrimination against any type of demographic group and equal opportunities to ensure gender parity

12 / Freedom from Violence, Abuse and Sexual Harassment
Prohibits all forms of violence in the workplace, including verbal, physical and sexual harassment

13 / Safety at Work
Commitment to the safety of employees in the workplace, in travel to and from the workplace and on company related business, as well as safety of vendors in the workplace

14 / Human Rights
Commitment to ensure the protection of human rights, including employees' rights to participate in legal, civic and political affairs

15 / Social Supply Chain
Commitment to reduce social risks in its supply chain such as forbid business related activities that condone, support, or otherwise participate in trafficking, force and child labour or sexual exploitation

16 / Supplier Diversity
Commitment to ensure diversity in the supply chain, including support for women owned businesses in the supply chain

17 / Employee Protection
Systems and policies for the reporting of internal ethical compliance complaints without retaliation or retribution, such as access to confidential third-party ethics hotlines or systems for confidential written complaints

D COMMITMENT, TRANSPARENCY & ACCOUNTABILITY

18 / Commitment to Women's Empowerment
Signatory to the UN Women's Empowerment Principles

19 / Audit
Undertaken and awarded an independent gender audit certificate by an Equileap recognized body

E GENDER CONTROVERSIES

Equileap monitors incidents involving sexual harassment or gender discrimination and provides gender controversy research to investors.

Figure 8: The Equileap Gender Equality Scorecard™ (Equileap 2022a: 49)

Equileap measures the gender equality of companies using their scorecard, which is very much inspired by the WEPs. In fact, the close collaboration between Equileap and UN Women on this study and the extensive conformity of the scorecard with the principles suggests that Equileap's Gender Equality Scorecard™ (see figure 8) can be interpreted as the practical implementation of the WEPs. The scorecard transforms the principles into a tangible methodology used to assess a company's gender equality performance (Equileap 2022a). Therefore, for this thesis, the WEPs and the Equileap scorecard are considered together and complementarily. The two resources serving as key documentation for the WEPs are the report of the aforementioned study "WEPs—Women Empowerment Principles | A snapshot of 350 companies in G7 countries" (Fälth/Rañola 2021) on the one hand, and the most recent "Gender equality global report & ranking" (Equileap 2022a), on the other hand.

In this chapter, frameworks of sustainability disclosures were reviewed and analyzed. It was distinguished between institutional frameworks and practical frameworks that have a specific focus on gender equality. The analysis of the upcoming reporting requirements under the Corporate Sustainability Reporting Directive (CSRD) has shown that the range of information on gender indicators that will be available to non-professional investors will expand. Moreover, an overview of relevant gender equality frameworks was provided. To generate a deepened understanding of possible gender analyses to include in investment approaches, the following chapter provides the findings of the thematic analysis conducted to find out how the GLI field conceptualizes gendered impact. It thus goes beyond the previous chapters and looks in depth at the frameworks' criteria and the insights from the interviews.

5. Gender Lens Assessment Criteria

Within this thesis a thematic analysis was conducted to paint a comprehensive picture of how gendered impact is conceptualized and to answer the second (sub)question: *What criteria are relevant for assessing the gender equity of companies?* The findings are presented below, divided into the analyses of the individual identified themes. This way, the questions of how impact towards gender equality can be identified and what the most common indicators are will be answered before reflecting on the approaches and criteria using a feminist lens. On the one hand, the analysis shows which factors gender lens investors can look out for and what constitutes a meaningful gender analysis. On the other hand, indicators and criteria are not an end in themselves; the premise of GLI is more than the sum of the indicators. They may show where a company stands in terms of gender equality and how hard it is trying, but they do not conclusively answer the question of what it takes to achieve gender equality in business and investment. Therefore, the prerequisites for the actual transformational impact of the GLI practice are also being discussed in the following. The chapter answers these questions in more detail, including what gender lens investors or companies trying to promote gender equality, internally and externally, can learn from feminist activism. It looks at what needs to change at the organizational level and what needs to change more broadly in the financial industry. Moreover, potential pitfalls that need to be avoided are identified. Finally, some shortcomings from a feminist theory point of view will be outlined.

5.1. Providing Access to Capital

Intentionally providing access to capital for women is a means to counterweigh the issue of homophily. Homophily in this context describes the tendency of people to invest in people that are similar to themselves—a problem that was identified by both gender lens investors interviewed (I. 2: B18-25; I. 3: C25-31). Due to women's underrepresentation in the finance industry, especially in the venture capital space (I. 2: B136-138), women entrepreneurs are subjected to biased capital allocation systems: Because of the male dominance, for instance, a certain language and assumed common sense is expected that leaves women entrepreneurs misunderstood. The gender lens angel investor interviewed describes her own experience in the field and how she addresses the issue:

> "And so, you know, people invest in people who look and sound like them a lot. And so, I find sometimes it's even simple as little nuance language issues like if a woman might say [...] the market is very big for this, and speaking to a male investor they

> think she didn't have an idea. Whereas if she says that to me, I can say okay, great, how can we quantify this so that we get a sense of how big it is? Because intuitively, they've got a big sense of it, but how do we quantify it?" (I. 3: C25-31)

It is in the awareness of these biases and the deliberate attempt to de-bias their investment processes that investors can apply a gender lens. As an investor in the private capital market, this can mean investing in women-founded businesses. However, the understandings of women-founded businesses vary: "Now you ask yourself, what does being founded by a female mean? Does it mean having a female on the executive team, so a CTO, a CEO, or a CFO; what does it mean to you? Does it mean that the sole founder is just their only female?" (I. 2: B63-65) The two distinct criteria for the gender lens angel investor are (1) at least 30% ownership by women and (2) some level of strategic influence in the organization (I. 3: C44-46). On the one hand, this definition is sophisticated in the sense that it goes beyond ownership on paper and requires actual decision-making power. On the other hand, it is not as strict as the 2X Challenge, for example, that stipulates either that female founders must represent the majority of the total founders or 51% or more of ownership must be directly owned by women to qualify for a gender lens investment (Jordan-Kirwan/Tengtio 2020: 13). As a non-professional investor this can mean looking out for companies run or owned by women, or investing in e.g. microfinance funds, that in turn provide small loans to women entrepreneurs (I. 5: E101-103). These approaches reflect one of two elements that are usually discussed within the GLI focus of access to capital: women as investees.

The second aspect of capital accessibility is about involving and supporting women as investors (Kaplan/VanderBrug 2014: 38). Allocating capital is crucial to shaping women as agents in asset management and the finance industry more broadly. Hence, retail investors may also apply a gender lens to their investment decisions by intentionally choosing funds that are managed by women: "And so I would say the easiest space to start with is investing in female fund managers, because they will then invest downstream and then you still get the impact that you want, right?" (I. 3: C76-78) The example of the US-American asset management industry shows a tremendous lack of diversity among asset managers and asset management firm employees—only 0.9 percent of the industry's assets are managed by firms that are majority-owned by women and/or minorities (Lerner 2019: 5).

The assumption underpinning this advice, however, is that female fund managers are automatically applying a gender lens in their investments. This presumably results in an indirect effect or indirect gender impact. Yet, investing with a gender lens is nothing that comes by virtue of your gender. After all, women are subject to patriarchic views and habits as much as it is the society at large—it requires challenging the status quo and actively unlearning biased perceptions and processes:

> "How I understand gender lens investing, I think that it has to do with looking at the investment process as a whole. Looking at that entire process from deal sourcing to due diligence to actual disbursement to management of the portfolio company, should it now become an investment, having a gender lens incorporating in each of these processes. What that means for me is factoring in different factors, considering different biases that you have, biases and things that we don't even realize that we have and unless you have tools set in place to ensure or check your biases, you never ever consider them. And so, for me gender lens investing has to do with ensuring that you are constantly checking your biases, constantly making sure that you are considering all of the different various parties and considering that." (I. 2: B50-58)

Therefore, investing with female fund managers might be a good vehicle to empower women in the finance industry, but it is not sufficient to ensure a gender lens portfolio. This needs more rigorous selection criteria applied to portfolio companies. Most of them can be summarized as workplace equity criteria, which will be covered in the following section.

5.2. Promoting Workplace Equity

Applying a gender lens to the dynamics of a workplace is essentially trying to answer the question of how companies or organizations can become more gender equitable in their governance structures and operations. It is about improving the lived experiences and opportunities of all individuals inside the organization, irrespective of their gender. According to the interviewed Impact Measurement Manager, it is important to differentiate between equality and equity:

> "So, the equality, that's what everyone talks about, we want greater equality, but things can't just be equal, to begin with. There's a step change that needs to happen in order for things to get equal, and that's where equity comes in. And I think that's, that's where we need to be with gender lens investing." (I. 2: B6-9)

The interviewed gender lens investor is referring to the difference between treating everyone equally as opposed to allowing everyone to fulfill their potential in relation to specific needs and present biases. While equal treatment is desirable in theory, workplace equity is the challenge to begin with to transform and empower. This means that not everybody in the workplace needs to be treated equally, but company leaders have to distribute resources and create opportunities based on what each individual requires in order to have the same chances.

To grasp how well an investee company is promoting workplace equity, various metrics may be considered. Most concrete indicators used in the Women's Empowerment Principles (WEPs), the 2X Challenge, and also mentioned by the interviewees are indicators dealing with the gender balance in the company. It is about looking at the share of women among (1) the board of directors, (2) executives, (3) senior management, and (4) the workforce in general. While the WEPs are applying a threshold of 30% to these categories (Fälth/Rañola 2021: 24), i.e. at least 30% of board members, etc. should be female, the 2X Challenge is using sector-specific thresholds when it comes to the share of women in senior management and the workforce. For senior management in the infrastructure, power and telecoms industries, at least 20% should be female; at least 25% of senior managers in the financial services, manufacturing, agribusiness and food, professional services and consumer services industries; and at least 30% in the healthcare and education sectors (Jordan-Kirwan/Tengtio 2020: 14). For the workforce, the thresholds are 30%, 40%, and 50% respectively—with consumer services and light manufacturing falling into the third category (ibid.: 16). Closely related to the number of women in these positions are indicators of career development: When looking at the relation of women in senior management compared to the overall workforce, one can conclude the promotion opportunities for women and thus the well-documented phenomenon of the glass ceiling. One way to account for this is to measure the ratio and check if it is above 0.5 (Fälth/Rañola 2021: 66). Another way is to see if the company has policies or programs in place to advance women's careers within the organization (Jordan-Kirwan/Tengtio 2020: 17f.).

While the gender balance in leadership positions and access to these are important indicators for workplace equity, they are not sufficient. The interviewed expert from an advisory firm helping organizations advance gender inclusion states that counting women cannot substitute for also looking at the power structures within the organization:

> "I'm not going to be happy when I see tons of women CEOs of listed companies, but those companies haven't thought about, what are the power dynamics? What are the power structures within? So, if you just put a woman CEO to the top of an unchecked company, that doesn't mean nothing." (I. 1: A421-424)

One context in which such power relations emerge is in the interconnectedness of formal production and gender relations, i.e., the gendered division of unpaid care work and paid formal work. Accordingly, some of the organizational structures that exacerbate power hierarchies are parental leave regimes. There should be a uniform regime around paternity and maternity leave (I. 4: D193-199) beyond the legal minimum, or more specifically "14 weeks of parental leave with pay of at least two thirds of a person's salary for childcare, to both primary or secondary caregivers globally or at least in the country of incorporation" (Fälth/Rañola 2021: 91). Given that only a fraction of parental leave is taken by fathers—in Austria, for example, it was just 4% in 2017 (Schönpflug/Eberhardt 2019: 26)—companies need to incentivize its use. As Gerlinde Mauerer, sociologist at the University of Vienna, highlights it is not only a question of how many fathers take parental leave but also *when* they do (Mauerer 2021: 93). Given that fathers tend to take it later in their career, when they have established themselves, gender-specific role norming in the labor market is consolidated, to the detriment of women (ibid.). Thus, support initiatives for a uniform regime around paternity and maternity leave intend to counteract the stereotype that men, unlike women, are reliably available workers. Other structures supporting care work are flexible work options, childcare services and generally support initiatives for both parents.

On a more general level, power hierarchies can be addressed by disrupting practices of inequality (I. 4: D147-150). On the one hand, this means creating awareness for whom is given space, whose perspectives are valued, and whose work is cherished with corresponding pay. Transparency around payment schemes, the actual payment of a living wage, and the elimination of a potential gender pay gap are factors to look out for. On the other hand, power hierarchies also materialize in the form of (un)healthy working patterns, well-being, and care for the mental health of employees. (I. 4: D169-172) Together with the freedom from violence and discrimination (incl. reporting mechanisms thereof) and the respect for human rights, these factors form a more holistic picture of workplace dynamics.

The question then goes beyond the number of women in leadership positions, towards if leaders within the organization practice a feminist kind of leadership to overcome existing structures of inequality. What form this could take is explained very poignantly the interviewed feminist consultant:

> "So, I think part of why I specifically call it a feminist consulting practice is because the ways I work are aligned with my values, my values around justice, my values around equity, my values around collective care and wellbeing. So even with myself, right? When I work in a team for example, and I'm leading a team of people, my practice of leadership is informed by feminist principles. So, I try to be as non-hierarchical as possible." (I. 4: D121-126)

Besides the practice of feminist leadership principles, there are various indicators to evaluate if gender issues are truly a priority within the organization, including the following:

> "I'd want to know, does this company have a gender strategy in place? And are there allocated budgets for thinking about gender in their internal processes? [...] Do they have a gender wage gap? Do they review that on an annual basis and take charge? Do they have a gender focal point? And if they have a gender focal point, where does that gender focal point sit? Right? Do they sit within HR or do they sit within the CEOs office basically." (I. 1: A176-181)

Looking beyond the workplace of a company, the aforementioned factors should be equally applied to companies along the supply chain. Especially large companies have the responsibility to eliminate work patterns of exploitation, to source from women-owned and gender-equitable businesses—a practice known as gender-responsive procurement (Chin 2017): "I think with a position of power comes the responsibility to use that power well, so that means that large businesses can and should dictate working conditions to the people that sell to them." (I. 1: A452-454) This statement is aimed at accountability for corporate practices in a world characterized by global supply chains. Large corporations benefit from the fact that poor working conditions prevail in many countries of the Global South. This then raises the question of whether the responsibility for these conditions lies exclusively with the local companies, or whether companies that procure finished products or intermediate goods abroad are accountable for the production methods and working conditions at their suppliers. Including a gender lens in this aspect of the globalized world can lead to a more holistic picture of global supply chains and their impact. While the promotion of workplace equity refers more to the gendered impact on employees and within organizations, the third theme looks at the impact directed outward from a company.

5.3. Stimulating the Production of Products and Services that are Beneficial to Women and Girls

According to the 2X Challenge, gender lens investors may scan their investee companies to check if their "product or service specifically or disproportionately benefits women" (Jordan-Kirwan/Tengtio 2020: 19). This makes sense because it is not only through integrating gender considerations into their leadership and internal structures that companies can have an impact on women's lives, a gender-responsive product design and service portfolio also impacts people engaging with the companies—whether it is through the use of their products and services directly or through the consumption of messaging and imagery emanating from a company.

The crucial differentiator then is about the question of whether or not a company is applying the logic of gender lens investing to their very own business model, meaning that they do not only develop products or offer services to make a profit, but also to have a positive impact on gender equality goals. This can look like services and products that are "designed for women's unique needs; address a problem that disproportionately impacts women; have a majority of women customers; and/or have a majority of women beneficiaries" (Jordan-Kirwan/Tengtio 2020: 19). As the interviewed experts rightly state, it is hard to objectively test if a business model is indeed helping to reduce gender inequality (I. 1: A205-207; I. 6: F47f.). The mere fact that a company has a predominantly female target group does not allow to draw conclusions on the impact the company is having on these customers, neither does it guarantee that the business is inherently integrating gender considerations in its production processes. A largely female customer base might as well be grounded in a business case when women are viewed as an untapped market only. After all, women's and girls' needs should genuinely be integrated into the design processes and safety testing as much as in the delivery and marketing of the products (Fälth/Rañola 2021: 123). The latter covers mindful communication through the avoidance of portraying gender stereotypes and the promotion of positive portrayals of women and girls (ibid.: 122). Hence, intentionality is a crucial prerequisite, and the conduct of an impact assessment—to measure if products are e.g. indeed increasing women's access to sexual and reproductive health, education, finance, etc.—can signal the honest purpose of a company to enhance gender equality (ibid.: 123; Jordan-Kirwan/Tengtio 2020: 19).

Reflecting on what exactly it is that companies make their revenues with and checking if this is contributing to gender equality goals expands the understanding of gendered impact beyond the internal workplace metrics. Nevertheless, these two directions of effect do not necessarily have to be considered separately from each other. It can be assumed that they are interrelated: the more gender equality is practiced internally, the more likely it is that female perspectives and expertise will be incorporated into product design. And vice versa, the more the goal of gender equality is anchored in the company's purpose, the more awareness there probably is within the company of gendered power hierarchies and inequalities. Here, the interviewed impact investing expert hints at this connection by saying that women can also be empowered with investments if they are directed to areas such as health and education because women often have a greater place in organizations there anyway and are affected more directly by the products and services: "If it goes to crop tech or digitalization or that that kind of stuff, it's more men dominated, but if it goes to nutrition or health, or education—more often women are in responsibility." (I. 5: E93-95) What is ignored here, however, is the fact that in female-dominated industries, working conditions and pay are not necessarily designed in favor of women (Sorensen 1989). After all, there is no alternative to taking a closer look when applying a gender lens. That being said, gender lens investors may look out for positive signals coming from a company that indicate the overall importance given to gender equality and women's empowerment. A hint towards the honest purpose of the organization might be the personal experience of the leaders of the organization:

> "One of the first things are the people who are involved in this organization, or leading the organization—have they experienced any forms of discrimination, of marginalization, of injustice, that has resulted in their starting this organization to respond to the issue?" (I. 4: D442-445)

One criterion that can be checked relatively easily is whether or not the company is a signatory to the UN Women's Empowerment Principles (WEPs) and/or if the company has undergone an independent auditing process (Equileap 2022a: 49). And, last but not least, a screening of a company's countries of operation and the status of women's rights in these countries may inform about gender equitable working conditions and orientations of that given company (I. 5: E107-111).

To sum up, the gendered impact of companies manifests itself in any relationship that is directed inward or outward of the company—be it the workplace towards and among employees, or via the products and services of a company. Gender lens investors in turn can have an impact by actively channeling money towards companies with female leadership structures and/or a positive track record of applying a gender lens at the company level. The concrete indicators to inform this gender analysis for investment decisions will be critically reflected in the following.

5.4. Transformational Impact

Within organizations, change is needed from each individual as much as it is needed at the organizational level. On a personal level, transformational change toward a more gender-equitable economy requires being (1) mindful, (2) political, and (3) advocating. Being mindful means constantly trying to be as much aware of inherent biases as possible to be able to address them (I. 2: B50-58). It also means bringing curiosity to one's work: What small aspects in the way of organizing are taken as a given but might be reinforcing inequalities? The interviewed feminist consultant calls for this curiosity to "observe how the small things that [we] do in [our] practice, in [our] work with others, how we can either reinforce what currently exists, or it can shift and start transforming those things" (I. 4: D155f.). This level of consciousness equally involves strong intentionality, i.e., the intention to change the status quo. What the expert describes is that transformational change does not simply happen, but it requires an intentional effort to question current patterns of inequality:

> "So, I focus a lot on like the inner life of my consulting practice, my own inner life, the inner life, because how I organize shapes what I will do in the world, right? And if I don't organize from a place of intention, and deliberateness, what then happens is that I end up perpetuating cycles of inequality and oppression, even harmful practices, that maybe aren't even aligned with what I need, but I'm doing them because this is how business is done. So, I disrupt business as usual as much as I can, in the way that I practice as a consultant and as a feminist because I'm so keenly aware of how business as usual masks all these things that have become ['normal']— they are not normal at all. So, it helps me to bring a fresh curiosity to everything that I do."
> (I. 4: D136-143, emph.K.H.)

When transformative change is seen like this, it becomes clear that one needs to nail one's colors to the mast. On a personal level, everyone may take mindful decisions that are informed by politics in the sense that they intentionally aim at breaking cycles of inequality (I. 4: D265-267). This then means leaving the realm of the technical and rather than resigning with the thought 'that's just the way it is,' recognizing and demonstrating that it is political issues that ultimately inform corporate habits (ibid.). And then it becomes a question of speaking up and advocating for change—of holding the company accountable. However, because this can be an intimidating process, it is crucial to find like-minded people and build a network around them. (I. 4: D312-319)

How open an organization is to this kind of advocacy from within indicates how strongly gender equitable practices are being implemented at the organizational level. When mindfulness, politicalness, and advocacy are embraced, space for transformational change in the organization is created. Internal changes necessary at the organizational level include (1) a change in what is measured as success and (2) a culture shift. It is one element to find the right metrics and indicators to measure progress towards gender equality within organizations, it is another to truly measure the success of a company by this progress (I. 2: B413f.; I. 2: B422f.). Transformational change needs a shift in priorities—from pure profit- and productivity-driven systems to systems that equally weigh in progress towards gender equality and other sustainability matters. The latter goes along with an understanding and framing of accountability to society instead of to the board or the investors (I. 4: D300-302). Together, the strategic shift in accountability systems and the building of a space for a mindful way to work result in a culture shift within the organization:

> "It's almost like a culture shift. So, if you started with things, the little bits and pieces of it internally, you get a lot more conscious about them, what you're doing, how you're recruiting. You know, how you are promoting and developing your teams, all of that stuff, changes with." (I. 3: C108-111)

It can be concluded here that a culture shift is both a prerequisite and an outcome of these efforts. On the one hand, an open culture is needed to nurture internal changes. On the other hand, these new priorities and new awareness may change the corporate culture as a whole. In any case, intentionally disrupting business as usual is key to promoting transformational change towards more gender equality.

In addition to the necessary changes within (investee) companies, the course also needs to be set in the finance industry to achieve transformational impact. For the promises of GLI to unfold, gender lens investing actors need to (1) understand what works, (2) take the topic seriously, and (3) advocate within the field.

Firstly, some questions are yet to be answered to channel money toward gender-equitable businesses. The interviews revealed that e.g., the effects of GLI on the public stock market can only be of an indirect nature (I. 6: F81-83). However, the exact kind and scope of the effects are not defined yet. This leaves investors with uncertainty, as the social finance expert describes here: "Let's say you're only allowed in companies which are 50% female board members, which is a good thing. But then again, like what are the consequences of this and how do you get there, what are the implications?" (I. 6: F139-141) As long as effects are not clearly understood and communicated, GLI cannot be mainstreamed, and then the desired transformational impact will not be achieved. Another uncertainty relates to the approach to choosing: Is it more effective to invest in companies that are particularly gender-responsive to reward them or is it more effective to invest in "the worst companies" (I. 6: F335) and then make use of the shareholder voting power to transform these companies? The discussion of divestment vs. shareholder engagement—i.e. the question of what is more effective, not investing in companies that do not fulfill certain criteria or intentionally investing in bad performing companies to have an influence on them as shareholder—is still ongoing among practitioners and researchers (see e.g. Kölbel et al. 2020: 564–566). One argument in favor of the approach following the idea to transform laggard companies by investing in them is the increased influence on these companies: "You need to have the votes as a lever to change corporate behavior." (I. 6: F374f.) The argument against it is that the capital provided reaffirms the existing business model and practices. Thus, more research and reference points are needed in this area to really understand what works, what doesn't, and why.

Secondly, and similar to the aspects that are important within investee companies, are intentionality and seriousness. As the interviewed gender lens angel investor stresses, GLI needs to be understood as a vehicle for transformational impact and thus treated and practiced as such:

> "But also, you know, it's cultural, it's political. And so how do we not just throw money at the problem, but really believe in it, right? Really believe that this is something that needs to be done because it makes things better from both a return perspective, but also like really. I do personally believe a lot more investment into women has cascading effects on development at a wider scale and a lot more sustainable development. And so, making it feel real to them at all these levels is critical. Not just like, let's throw money at the problem and hope it goes away. But let's really play to it." (I. 3: C115-122)

So, GLI must not be talked down or dismissed as a special hobby of a few investors—the approaches and principles must be taken out of the niche and mainstreamed. For this to be achieved, influential role models and advocacy in the financial industry are needed. This, thirdly, calls upon large players in the industry to pave the way for smaller players to follow:

> "So very similar to what has been happening in impact investing more generally, where people actually say, look, this isn't just something that we do because it's fluffy, and it makes us feel good. This actually affects your return. So more of that, I think. But beyond that, I think what is necessary is for very large players to change the way in which they do their work." (I. 1: A369-373)

Building the case for GLI on all levels and fostering collaboration and networks in the industry to gather the arguments and data showing that GLI does have an impact can transform the industry as a whole (I. 1: A360-362).

5.5. Pitfalls

In this pursuit of practicing and mainstreaming GLI—by investors and investee companies alike—there are some pitfalls to avoid. Various factors can result in a limitation of GLI's transformative potential. In this section, these potential pitfalls are identified, in the hope of avoiding them and bringing gender efforts from different spaces together to unlock the potential.

The first of these is the tendency to limit feminist activism to traditional spaces. While feminist activist work is more common in civil society, politics, and some research institutions, it is not commonly acknowledged in companies or in investment (I. 4: D286-298). As a result, the actors trying to promote change in their spaces find themselves somewhere in between two worlds: "Within feminist spaces, they feel like a sellout because they're not in the traditional spaces. And then within investment spaces, they are obviously quite out of place, right? Because of the politics that inform their work." (I. 4: D293-295) To ensure that actors in different spaces but with common goals are not played off against each other, openness and awareness of different feminist strategies are needed. It is a common trap to try and use the same strategies in very different contexts (I. 4: D386-390). Differing organizational spaces require understanding the unique dynamics, language, and expressions to inform feminist approaches that can work in these contexts. Rather than dismissing these efforts as non-feminist, relationships with various parties within the common system should be fostered to collectively refuel and re-strategize (I. 4: D357-361). Finding allies, and building movements and networks is crucial to maintaining the courage and stamina to make a difference in whatever space you find yourself in (I. 4: D366-371). Moreover, limiting yourself to "the mental model around good guys, and bad guys" (I. 4: D409) is disregarding that everybody is contributing to the system—regardless of the engagement with the 'bad guys'. What the expert calls for, is to not miss out on opportunities to build connections: "So, we need to remember that organizations, institutions are made up of people and start cultivating not only those relationships but [...] breaking down the fragmentation and the sideway—this then creates a lot more possibility." (I. 4: D421-424) In conclusion, instead of avoiding any cooperation with supposedly non-feminist companies, it can be beneficial to see the people behind them and find a suitable strategy to collectively transform the common system for the better.

That being said, the second pitfall is to rest on a very technical and at times superficial approach, where GLI becomes a tick-boxing exercise only, where demographics are everything that is looked at, or where well-known frameworks are seen as a marketing tool only (I. 1: A427-432). Instead, gender lens investors and decision-makers in organizations may learn from feminist actors to adopt a strategic kind of focus and thrust by politicizing everything:

> "Everything is political. Every single thing is political. And I think that lens helps us to bring curiosity to why we do things the way we do them in our organization. Why is such a thing seen as important? Why aren't they? You know, and as someone in

> that organization, then your role is how do we champion the things that are marginalized and are on the periphery as a form of justice?" (I. 4: D374-378)

Questioning the status quo and recognizing the political in supposedly technical processes is key. Linking the first pitfall with this second one is to know how to use these frameworks and strategies that are technical in nature to promote systems change—because they are the required expressions in these spaces—without depoliticizing the efforts, which is not an easy task. As the feminist consultant highlights: "There is a savviness that is needed to still retain the politics, even with a very technical, rational, instrumental approach to it." (I. 4: D309f.)

A third, associated pitfall is not acknowledging the processuality of this transformative change. In such a case, the ambitions, demands, and goals become so great that a blockage arises to start at all. While it is important to do it right, it is even more important to start in the first place. One tangible example in the discussion is the adoption of an intersectional feminist approach to GLI. The concept of intersectionality is based on the notion that subjectivity is constituted by mutually reinforcing intersections of relations of social inequality (Nash 2008: 2). It primarily refers to the inequality dimensions of gender, class, and race or ethnicity, but can also be extended to other categories such as age, citizenship, health and religion (Bose 2012: 67). The vast majority of reporting standards is not yet accounting for multiple layers of inequality. Nevertheless, what the practice of GLI can do—even with its justifiably alleged imperfections and flaws—is to draw attention to structures of inequality and accelerate transformational processes. As the angel investor puts it, "it opens up the conversation to start building in a lot of responsibility and conversation around other minority groups" (I. 3: C134f.). It is a process of learning, unraveling unconscious bias and of improving, but above all, it is a process. The interviewees (I. 5: E246-248; I. 1: A406-409) stress that the acknowledgment of this processuality can even help to shift one's perspective on pink- and greenwashing:

> "If you know, there are a few companies that go really deep, and a large number of companies that all of a sudden say 'oh, we're gender lens investing' but actually they are pinkwashing I don't think that's the worst thing ever. Because that's already an improvement from where they were before where they didn't even try to wash." (I. 1: A406-409)

Keeping in mind where we are coming from—as a society, as an economy, and as individuals—helps to see progress, but at the same time identify current shortcomings to act upon. Some shortcomings can be understood from a theoretical feminist point of view. These will be discussed in the following.

5.6. Feminist Critiques

Feminist critiques pose a valuable perspective to critically contextualize the criteria and GLI's transformative potential. This reflection aims to highlight ambivalence and contradictions. The main critiques can be summarized in (1) neoliberalization, (2) heteronormativity, and (3) the gap between theory and practice. The section closes with an outlook of what could be improved from a feminist perspective.

Feminism is politically and theoretically contested. Liberal feminists may be convinced that gender equality could be accomplished within the parameters of neoliberal capitalism (Prügl 2015: 618). However, there has been an avalanche of skepticism among materialist feminists about business as a driver of gender equality. Even more, it is argued that feminism has been neoliberalized and ultimately reproduces ideological assumptions that do not empower women but oppress them (ibid.: 617). Specifically, concerning the Women's Empowerment Principles (WEPs), Adrienne Roberts, a feminist international political economy researcher, argued that these "legitimise the growing power of corporations, and naturalise and normalise the fusion of gender equality to participation in the capitalist market economy" (Roberts 2016: 72). That is, because integration in the labor market is no guarantee for a qualitative integration with a decent pay and promotion prospects (Michalitsch 2006: 123). Participation in the labor market is associated with further gender inequalities since it means additional work on top of unpaid care work for most women (Roberts 2016: 72). To some extent, GLI can be seen as an attempt to valorize unpaid care work, when looking at aspects such as paid parental leave and flexible working hours. In this case, the costs for this care work lie more with the company and become visible. It is a step on the way to a more honest understanding of work and what time this work takes up in the reality of life. Especially for women, work has never been just income-generating work, but has other dimensions such as care work, self-development and political work that should be given equal visibility and space (Ambrosch 2020: 6). However, supporting care work is a deficit approach that aims to address current disadvantages women face. Initiatives designed to actively empower women include mentoring programs, for example: "Mentoring programs are among the main initiatives with the objective to develop and empower women through women themselves." (RuizCantisani et al. 2021: 552) While many of the GLI criteria focus on care work and support programs, it has to be noted that "these options are often not affordable to the large percentage of low-paid women, and that part-time working is frequently detrimental to pay and promotion prospects" (Grosser/Moon 2005: 547). Consequently, feminist critiques stress the danger of empowering a few whilst changing nothing or deteriorating the positions of the majority of women because the capitalist system that exploits marginalized groups is upheld. The question at stake thus is about who is empowered by these efforts and who is not. If GLI metrics are limited to female leadership aspects, for example, it becomes clear that it is a rather privileged group of women that is being empowered: "The focus on empowering women in the boardroom and upper level management ultimately means the empowerment of wealthy (and predominantly white) women in the Global North." (Roberts 2016: 72) The challenge of transforming the workplace and transforming investment approaches, therefore, is to go beyond supposedly neutral rationalism and the idea of genderless economic structures, as states Elisabeth Prügl, a German/US-American political scientist specializing in the neoliberalization of feminism (Prügl 2015: 619). Only then relations of power and domination can be made explicit and dealt with. To do this, it is especially important to not only see the business case of more gender-equal systems and investments but to consciously break down power relations and systems of inequality (ibid.: 618; Roberts 2016: 70). There is a need to break with neoliberal 'common sense' instead of reproducing it (ibid.: 73).

The second argument feminist critiques bring up about GLI is its rootedness in heteronormativity. The criteria of gender analysis in the GLI field are thoroughly tailored to men and women only—constituting a binary approach to gender:

> "It will come as no surprise to anyone familiar with finance that in gender lens investing, there is an overwhelming focus on a binary approach to gender, and that LGBTIQ+ issues are currently largely outside the gender lens investing conversation. There are funds and indices that explicitly focus on LGBTIQ+ individuals and inclusion, but these are considered to be an impact area separate from gender lens investing." (Subramanian et al. 2021: 10)

Tia Subramanian, Arianna Muirow, and Joy Anderson from the US-based Criterion Institute, stress that this binary approach is rooted in post-colonial societal norms from the Global North that do not accurately reflect how societies function (Subramanian et al. 2021: 9). By reducing measurement systems and narratives to a binary conception of gender, gender lens investors limit their ability to truly empower populations that are marginalized by gendered systems: "Any field aiming to lift up those marginalized by gender will fall short of its own goals if it does not accurately identify who is actually marginalized by gender and how." (Subramanian et al. 2021: 13) Acknowledging gender as non-binary means to stop interchanging gender with 'women' (ibid.: 11). A critical look at the relevant criteria discussed above shows that this heteronormative categorization and application of 'gender' is undoubtedly present, especially in the very specific, measurable indicators used. Here, gender and queer theory does not translate into the practice of GLI, which is the third argument feminists bring up regarding GLI.

While GLI industry advocates are very clear in their convictions that the practice needs to go beyond counting women and rather change gender norms and gendered systems, there is a gap between this claim and the practice. The analysis of relevant criteria from the frameworks and expert interviews clearly shows that there is more to GLI than just the gender balance. However, "it is the more easily measured (and monitored) criteria, such as the proportion of women on corporate boards, that have made their way to the top of the agenda" (Roberts 2016: 73). The reason for this gap is the ease of using those metrics and at the same time the difficulty and costliness to add new metrics and/or changing existing ones (Subramanian et al. 2021: 12). Nevertheless, it is not impossible to expand and change them. This change does not come out of anywhere but needs to be demanded and advocated for. Apparently, "changes are largely driven by client demand. As such, asset holders, asset managers, and analysts can have an impact on how data are collected by asking for something different" (ibid.: 14). Rising demand from investors paired with regulatory efforts may push reporting companies as well as data and metrics firms to move out of the comfort of easily measured but less impactful aspects. Nevertheless, "trying to introduce a social lens into finance is an uphill battle" (Subramanian et al. 2021: 12), and acknowledging the processuality of this battle is an integral part of it.
An idea to act upon these critiques is to integrate a more intersectional gender analysis based on updated queer and gender theory in the investment design phase (ibid.: 15). Examples of guiding questions for funds to lead this phase include:

> "- What was the process of identifying partners and investment managers? Did their expertise on gender and LGBTIQ+ issues play into the sourcing and selection process? Did the fund bring on any partners with relevant gender expertise?
>
> - Who was at the table in designing the investment strategy? Did people with gender expertise have influence over the approach and language? What resources were invested in developing a gender strategy and theory of change?
>
> - Who developed the processes for sourcing, diligence, structuring, and monitoring investments? Were the processes vetted for biases related to valuation and risk? Was relevant expertise—on gender, on the local context, on patterns of marginalization—brought in designing monitoring systems?" (Subramanian et al. 2021: 15)

The most important aspect in the field is to bring gender studies—with its roots in feminist activism and movement building—and GLI together despite their different languages (Subramanian et al. 2021: 6). Not least because there is an advantage in merging actors and thoughts from these different spaces that still share common goals:

> "Finance professionals speak a language and reach audiences that academics and activists often largely do not, and they can have a powerful effect in breaking up the dominant narrative of associating gender lens investing with women and girls. There are many practical obstacles to a gender lens investing practice that relies on robust gender analysis, but changing assumptions, norms, and mindsets is a necessary component of that shift." (Subramanian et al. 2021: 16)

To sum it up, gender theory can reveal how gender operates in the world and shapes lived experiences while the finance industry is a space that has the power to reach decision-makers in large corporates and markets which cannot be left out of the discussion of transformative change precisely because they have such a major impact on the lived realities of marginalized groups.

5.7. Relevant Criteria to Assess the Gender Equity of Companies

Against the background of the preceding analysis and reflections, this subchapter summarizes the relevant criteria to assess the gender equity of companies. Professional investors usually have a vast amount of resources to put into their investment design phase. For non-professional investors, the ease of evaluating the different gender indicators is even more decisive in whether a gender analysis is incorporated into investment decisions at all. Therefore, to conclude this chapter, the criteria to assess the gender equity of companies discussed in the previous sections shall be summarized with respect to their ease of implementation (see figure 9).

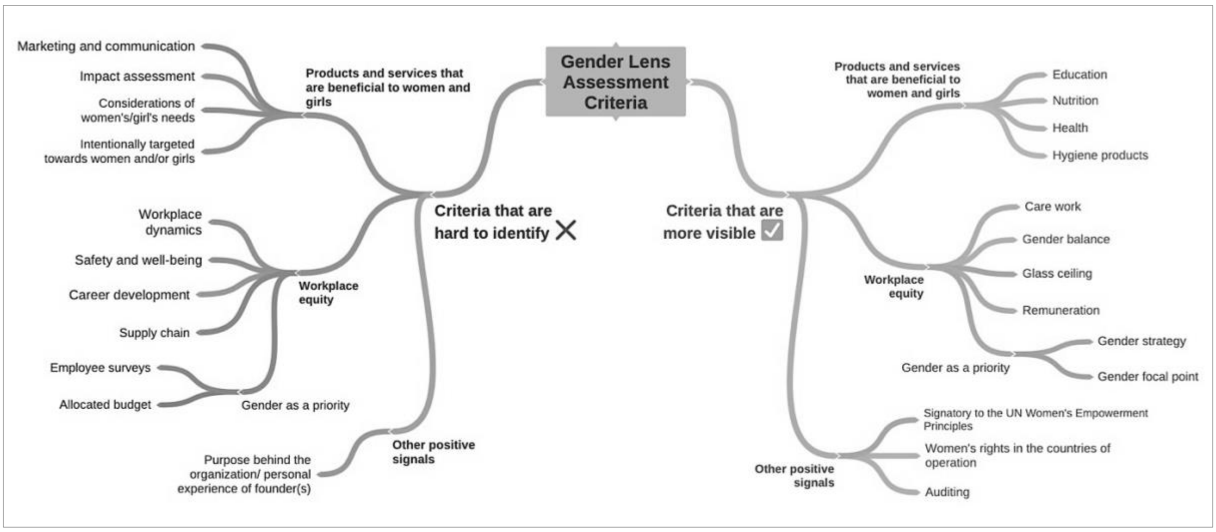

Figure 9: Thematic map on gender lens assessment criteria (K.H.)

In both the products and services category and the workplace category, some criteria are generally easier to measure and those that are more difficult. In the case of products, for example, outsiders can see what kind of products the respective company offers and whether they offer, for example, healthy nutrition or hygiene products, from which women probably benefit more than from other products and services. What is not so easy to see, however, is how intentional the company is in its production and whether the company internally takes women's needs into account and tries not to reproduce stereotypes. Even impact assessments on the product level are usually not easily accessible unless their results are included in CSR reports.

As far as workplace equity is concerned, it is relatively easy to check whether gender is a priority by looking at the company's gender strategy and if it has a gender focal point. Other relevant and straightforward criteria are in the areas of care work and gender balance—in leadership positions and the board, but also the entire workforce. While the recruiting processes and the actual access to career development opportunities may be difficult to track, the glass ceiling may be checked by looking at the ratio of women in senior management compared to the overall workforce. Remuneration is also an important indicator, which is in principle visible when the companies report on it. If reported, one can check if the company is paying a living wage (or committing to doing so), but also the gender pay gap in particular.

It is more difficult with more abstract categories such as workplace dynamics including internal hierarchies, safety, and well-being. These things can only be recorded if one has an internal insight into the organization. The situation is similar with internal budgeting for gender issues, where employees generally have no insight into this either, but only decision-makers. As far as the supply chain is concerned, access to information is even more indirect and difficult to monitor.

In the case of the other positive signals, it is not always obvious whether the CEOs or founders have a personal experience with the marginalization that motivates them to found or run the company. This is especially difficult with large multinational corporations. But one accessible indicator is the CEO statement. What one can also look at is whether the company has signed the WEPs, the status of women's rights in the company's countries of operation, and whether the company has received a gender auditing certificate from an independent body, such as the "EQUAL-SALARY certification" (The Equal-Salary Foundation 2023) or the "EDGE Certification" (EDGE Certified Foundation 2022)—both are bodies recognized by Equileap.

As far as access to capital is concerned, when investing passively in public funds, one can check whether the funds are set up by women (assets under female management). But otherwise, this area is not as relevant for investing in public entities, as there is no direct capital flow involved.

To conclude, there are different levels of meaningfulness of which various deeper aspects are in theory accessible to non-professional investors. From a feminist perspective, especially the parental leave regimes and pay equity belong to the deeper measures of gender equity that are theoretically possible to assess from an outside perspective. Taken individually, the indicators are not meaningful enough but taken as a whole, much can be concluded about gender equity in a company. Thus, the gender analysis does not have to be a superficial one. Acknowledging that gender is more than 'women on the board' means going beyond the very easy metrics.

In the next chapter, these findings will be aligned with the findings from chapter 4 to point out what will be possible for non-professional investors to evaluate based on regulatory reporting requirements. The outcome will be a hands-on strategy.

6. Aligning Theory with Practice

Chapter 2 (Gender Lens Investing) has shown that non-professional investors are facing barriers such as inaccessible data and lacking transparency. This chapter will now focus on the practical ways for them to address these issues. What kind of gender analysis and screening of investments is possible for retail investors is presented in the form of an example selection strategy, which is grounded in the findings from chapters 4 (Frameworks of Sustainability Disclosures) and 5 (Gender Lens Assessment Criteria).

6.1. How Retail Investors Can Pursue Gender Lens Investing

A gender lens investing (GLI) strategy is an approach to investing that focuses on companies, organizations, and projects that promote gender equality and the empowerment of women. This can involve investing in companies that have a strong track record of promoting gender diversity and equality within their operations, as well as in organizations and initiatives that focus on addressing gender-based challenges and barriers. The following chapter summarizes how retail investors can pursue GLI.

Retail investors can adopt a GLI strategy by considering gender-related factors when making investment decisions. This could involve researching companies to assess their policies and practices related to gender equality and considering their performance on gender-related metrics, such as the representation of women in leadership positions and the gender pay gap. Retail investors can also consider investing in funds or other investment vehicles that have a specific focus on GLI. These products are designed to provide investors with exposure to companies and organizations that are aligned with gender equality and the empowerment of women, while also offering the potential for competitive financial returns. Overall, a GLI strategy offers retail investors the opportunity to align their investments with their values and goals, and to support companies and initiatives that promote gender equality and the empowerment of women.

Reflections on the transformative change potential of GLI revealed that it is crucial to acknowledge the processuality of change. This principle is also important for non-professional investors, or retail investors, to accept when trying to apply a gender lens to their personal investment decisions. Most likely, there will not be the perfect and most impactful solution right away, but change is a process. Moreover, what became clear from the above, is, that those gender lens criteria are not a straight-forward list of indicators to compile as the gendered impact of organizations is very complex and there are multiple different approaches to this:

> "And then I think there isn't really a wrong—no, there are wrong ways to go about it—but it's not to say that you must tick ABC boxes to be a gender lens investor, as long as you have that intentionality and you're not pinkwashing, I think there are very many ways in which you can be one." (I. 1: A81-84)

The example of the 2X Challenge (see chapter 4.2.1. The 2X Challenge in Alignment with IRIS+) and the insights from the interviewed experts show that not all criteria have to be applied at all times, but the indicators applied are dependent on personal values and the impact logic that is underlying the intended changes, i.e., the investment thesis. In gender lens consulting practice, this definitory work can look like this: "We guide them through these definitions in the 2X Challenge criteria to say okay, so these are [...] the commonly accepted parameters, but you need to identify within that what that means for you, and that can take a variety of shapes and sizes." (I. 1: A63-65) Just as the parameters are not definite, the underlying gendered impact hypotheses may change and need to adapt to the respective circumstances: "A gender statement is also something that I don't think should be set in stone. It should also be fluid. I think that investment theses as well should be fluid because the environment in which you operate changes." (I. 2: B234-236) A reflection on personal goals and hypotheses is thus a prerequisite for the implementation of a gender lens strategy for investing. What follows is essentially a reduction of any given investment universe, i.e., of the total possible investments, according to identified criteria that match the investment thesis. Consequently, the further procedure is to define these criteria and then screen potential investments with the information that must be available about listed companies:

> "What I would recommend, the easiest way would be: follow the 2X criteria because those are, you know, despite the fact that we would want them to be more meaningful they are globally accepted and they do already direct your gaze to an extent ... and then go for what is the information that already needs to be available about listed companies, like your board of directors, your ownership structure, etc." (I. 1: A151-155)

The findings from the preceding analyses follow this logic and allow to answer the third (sub)question: *What methods and criteria could be used to conduct impact assessment so that retail investors can independently engage in the practice of gender lens investing?*

The overall goal of this thesis is to derive a simple strategy to select gender-equitable investments based on publicly available information. This selection strategy is divided into five phases that will be outlined in the following and summarized in figure 11.

Phase 1: Personal gender lens

The first phase includes a reflection on the purpose of the investor's capital. To get started, non-professional investors who seek to apply a gender lens to their investment may formulate their personal "theory of change" (Jackson/Sarmento 2021: 212). While formulating a theory may be asked too much for non-professional investors, it is worth starting with a reflection on the personal motivation and intended changes as a practical step towards a sound gender lens investing strategy. As highlighted by the social finance expert, it forms the basis for the steps to follow: "I guess as a retail investor you probably need to have your theory of change, like what is your impact, like why has your investment any impact in this space? [...] if you know this, then it's easier." (I. 6: F328-330) Guiding questions to draft this investment thesis are "What is the purpose of your capital?" (Quinlan/VanderBrug 2017: 180), "Why will you use a gender lens?" (ibid.: 181) and "What is your hypothesis?" (ibid.). These questions can help to create a personal gender lens.

In line with the preceding introductory remarks, it is important to use this first phase to make "the underlying logic, assumptions, influences, causal linkages and expected outcomes" (Jackson 2013: 100) explicit. Only then, the selection criteria can be tailored and linked to personal values, beliefs and expectations. An example element of the personal gender lens could be that someone truly believed that equal representation mattered for the transformation towards more gender equality; therefore he/she would assume that more female representation in leadership positions will eventually lead to more female role models, more female young professionals in male-dominated industries and a more feminist company culture that is beneficial to the overall workforce. Consequently, that person might seek to invest in companies that champion female representation.
Once the personal gender lens is sketched out, it is time to shift the gaze towards a potential investee company and get an overview of it.

Phase 2: Getting an overview

In order to get a basic understanding of what a potential investee company is doing and earning money with, it can be useful to look at the industry, the countries of operation, the company's vision and mission and generally, the products and services the company is offering. This first

scan of a company happens considering the overarching question: Is there a focus on women? For example, non-professional investors may check if the company is producing any products that are meant to foster gender equality, or if the company is active in an industry that positively affects women's lives. Here, the personal gender lens of phase 1 comes into play. If, e.g. it was previously defined that more accessible healthcare is the personal gender lens investment focus, one may look out for companies that produce products intended to enhance women's health.
Two positive signals to look out for when getting an overview of a potential investee company irrespective of the exact personal investment thesis are (1) if the company is a signatory to the WEPs and (2) if it received a gender auditing certificate. If the company generally matches with the personal gender lens, a more detailed look into the company's efforts for greater gender equality can follow.

Phase 3: Gender indicators on a company's homepage

Before diving deep into the company's sustainability reports, the company's homepage may reveal if, generally, gender equality matters are a priority within the company. Non-professional investors may search the homepage for a gender strategy. If the company published such a strategy, it needs to be checked for alignment with the personal investment purpose. This allows to verify if the personal values match with the statements and goals outlined in the strategy. Similarly, a look at the current CEO statement may reveal if not only gender equality is addressed with a strategy but if gender equality is a top priority for the company's leader. The third general indicator is the presence and location of a dedicated gender focal point. Does the company have such a position filled? Which purpose does this role serve? If, for example, the gender focal point is attached to the marketing apartment as opposed to a role that is attached to chief decision-makers in the organization, this could be interpreted as gender being a priority because it sells well and serves the company's image instead of truly being a priority for the development of the business.

Phase 4: Gender indicators in publicly available reports

Phase 4 essentially describes a data collection process. Non-professional investors may analyze a company's report(s) with regard to relevant and meaningful gender indicators. Currently, companies regularly disclose certain non-financial information in their management reports or in sustainability reports. Those are thus the main publicly available sources to search for gender indicators. As elaborated in chapter 4.1., starting in 2024, large companies and listed companies will need to start reporting to the new European Sustainability Reporting Standards (ESRS), using the information from the financial year 2023 (European Commission 2021b: 65). The information will then be found in the management report.

The preceding analyses in chapter 5 have shown which indicators are relevant and possible to assess from an outsider's perspective. Based on the analysis of the 2X Challenge (Jordan-Kirwan/Tengtio 2020), the WEPs (Fälth/Rañola 2021; Equileap 2022a), the interviews (I. 1-6) (see chapters 4.2. and 5) and a matching with the gender-related draft ESRS reporting requirements (EFRAG 2022d) (see chapter 4.1.3.), the following ten indicators may form the basis for an evaluation of the investee company's efforts towards more gender equality:

Care work:

1. Paid parental leave programs (*Disclosure Requirement S1-15*)

Gender balance:

2. Share of female executives and executive board members (*Disclosure Requirement GOV-1*)
3. Share of women in the company's board of directors and supervisory board (*Disclosure Requirement GOV-1*)
4. Share of women in senior management positions (*Disclosure Requirement S1-9*)
5. Share of female employees (full-time-equivalent, FTE) (*Disclosure Requirement S1-6*)

Glass ceiling:

6. The gender balance in senior management divided by the gender balance in the overall workforce

Remuneration:

7. Gender pay gap (*Disclosure Requirement S1-16*)
8. Living wage (*Disclosure Requirement S1-10*)

Policies:

9. Policies promoting gender equality (*Disclosure Requirement S1-1*)

Safety and well-being:

10. Freedom from violence, abuse and sexual harassment (*Disclosure Requirement S1-17*)

Figure 10: Gender indicators in publicly available company report(s) (K.H.)

While some disclosure requirements directly correspond to the gender lens criteria listed above (indicators 2-7), others are only related to them but do not necessarily contain the information needed to assess the investee company (indicators 1, 8-10). For the care work criterion, for example, it is of interest whether the company has a uniform regime around parental leave and whether the entitled paid leave is long enough. The corresponding ESRS disclosure requirement, however, only covers "the percentage of employees entitled to take family-related leaves; and [...] the percentage of entitled employees that took family-related leaves, and a breakdown by gender" (EFRAG 2022d: 18). Indirectly, this information may still allow to draw conclusions about the culture around family-related leaves by comparing the numbers with the gender balance in the overall workforce. If, for example, most employees are male, but the vast majority of parental leaves was taken by women, this may indicate that men are not encouraged or entitled to take these leaves. If, on the contrary, the gender breakdown reveals that leaves were equally taken by men and women, this suggests a very uniform regime. For the remuneration criterion 'living wage' (8.) the disclosure requirement (S1-10 Adequate wages) refers to the terminology of 'adequate wages' instead, defined as "a wage that provides for the satisfaction of the needs of the worker and his/her family in the light of national economic and social conditions" (EFRAG 2022d: 21). The company shall disclose "whether or not all workers in its own workforce are paid an adequate wage, in line with applicable benchmarks. If so, stating this will be sufficient to fulfil this disclosure requirement and no further information is needed" (EFRAG 2022d: 15). Only if this is not the case, further information is required (ibid.: 16). Practical implementation will show how much significance this indicator has, and whether it is usually simply answered with 'yes' without providing further explanations. The policy criterion (9.) is a rather broad one that can touch upon many aspects discussed in previous chapters. The corresponding disclosure requirement (S1-1 Policies related to own workforce) is asking the reporting company to state "whether it has specific policies aimed at the elimination of discrimination, including harassment, promoting equal opportunities and other ways to advance diversity and inclusion" (ibid.: 9). A closer look at the policy may shed light on gender matters and priorities dealt with in the company—given any such policy is in place. In the area of safety and well-being, the criterion 'freedom from violence, abuse and sexual harassment' (10.) can be matched with the reporting requirement (S1-17 Incidents, complaints and severe human rights impacts and incidents) that reveals "the total number of incidents of discrimination, including harassment, reported in the reporting period" (ibid.: 19). While it does not paint a full picture about the employees' well-being, a high number may be interpreted as an alarming indicator. These ten indicators provide an overall picture of the gender equity of a company. However, the data for the ten indicators listed must still be interpreted. This is the purpose of phase 5, contextualization.

Phase 5: Contextualization

An important feature of the gender impact frameworks analyzed are the thresholds associated with each indicator. The piece of information reported alone is not enough to draw a conclusion on the company's gender equity. In phase 5, the data therefore needs to be set in context and checked against gender equality thresholds. For example, the share of female executives and executive board members shall be at least 30%. The strategy contains the thresholds used in the

2X Challenge or the WEPs. If two different thresholds were used, the more rigorous one was integrated into the strategy. For the gender pay gap, no threshold is used in either of the frameworks, but research suggests that the gender pay gap in an organization must not exceed 3% (Yi et al. 2022: 35).

Outlook

Finally, other personal investment criteria may apply. In addition to the criteria mentioned above, exclusion criteria may be defined. For example, non-professional investors may define that they will not invest in companies that have a board of directors consisting exclusively of men. Further research about scandals or human rights violations may complement the assessment. Moreover, an analysis of the criteria over time may show trends in the development of the company with regard to gender equality. The rationale of gender lens investing (GLI) does equally include a financial dimension. Therefore, a financial analysis of the investee company may match the gender analysis. However, the form and content of such an analysis is not the focus of this thesis.

Concluding, non-professional investors can pursue GLI in many ways. One option is to invest in gender-equitable companies using the strategy outlined above. The strategy thus is an answer to the overall research question: *How can retail investors identify gender-equitable companies based on publicly available information so that gender lens investing becomes more accessible to them?* This approach involves researching and assessing companies to identify those with strong records of gender equity and then choosing to invest in those companies. Non-professional investors may also advocate for GLI by engaging with the companies they invest in and pushing for greater gender equality within those organizations. This could involve participating in shareholder meetings and voting on proposals related to gender equality. Another option is to take the strategy as a preparation for a consultation with financial advisors. The specific GLI approach will depend on the individual goals, preferences, and available resources.

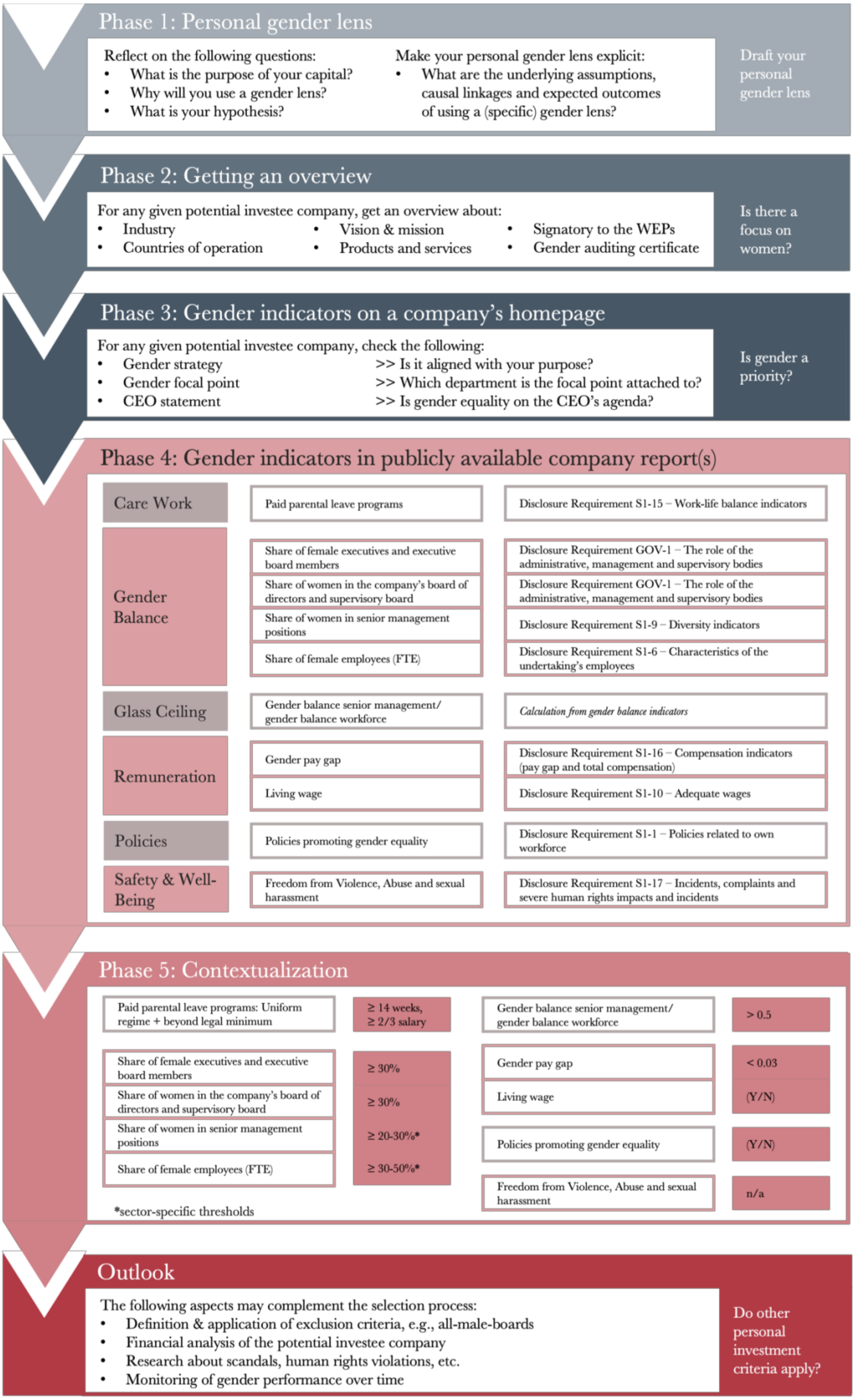

Figure 11: Selection strategy for gender-equitable investments based on publicly available information (K.H.)

6.2. Limitations

The selection strategy for gender-equitable investments (figure 11) is one way to make GLI accessible to retail investors. However, there are several limitations associated with it that shall be outlined in the following.

Despite the fact that the outlined strategy covers a number of meaningful indicators when assessing a company's gender-equity, it is only a snapshot in time and a limited perspective. As holds true for monitoring and evaluation methods in development, any framework of such nature poses difficulties to assess long-term changes and to capture the complexity of social change (Arutyunova 2012: 307). Another challenge in assessing and measuring gendered impact using the selection strategy is about the type of impact. While it is a possibility to set up an investment strategy that is aligned with gendered impact goals, it is not possible to measure generated impact in the narrow sense as the investment in stock-listed companies will not necessarily provide additional capital that in turn could allow companies to maximize their impact (Busch et al. 2021: 6–8).

From a practical perspective, the strategy is very time consuming, making it virtually impossible to implement it for thousands of companies. It can only be implemented selectively. To scale the research, there would need to be a platform or interface for exactly this information to make it easier to check (I. 1: A128-130). Or the information would have to be included in investment products in a transparent way. When taking the strategy as a discussion base for a financial advisor meeting, non-professional investors are likely to be confronted with a knowledge gap in this area. Gender equality has been one of the underreported issues and it will take months, rather years, for the indicators to become common sense.

On a substantive level, retail investors face some limitations as well. Drawing from feminist critique and the interview insights in chapter 5 (Gender Lens Assessment Criteria), the five key learnings for non-professional investors who seek to adopt a GLI approach are:

1. <u>Consider meaningful indicators</u>: The strategy allows non-professional investors to look out for meaningful information that can be contextualized with the respective thresholds. However, the outlined strategy does not cover all aspects that are considered relevant when assessing the gender equity of a company—not least because only those indicators that match with the disclosure requirements according to the Corporate Sustainability

Reporting Directive (CSRD) were included. Especially, retail investors will not be able to assess everyday workplace dynamics, the supply chain or to what extent gender aspects are taken into account in product development or marketing and communication.

2. Build unexpected collective action: The tendency to limit feminist activism to civil society, politics, and certain research institutions can be a barrier to promoting change in other spaces such as companies and investment. To overcome this barrier, openness and awareness of different feminist strategies is needed, as well as an understanding of the unique dynamics of each space (I. 4: D386-390). For individual investors, it is possible to bring feminist politics into conversations with financial advisors or in community exchanges related to the topic of investing. Cultivating connections with people within and across organizations and institutions can create more possibilities for change (I. 4: D421-424).

3. Politicize investing: To politicize investing means to involve bringing political considerations into the financial sphere, rather than solely focusing on financial returns as the primary objective of investing. Using investments as a means to advance the goal of gender equality can be understood as an example hereof. However, when implementing the practice, it is crucial to retain the politics of GLI—even when using technical, rational, and instrumental frameworks and strategies. This is not an easy task, as it requires a certain savviness to balance technical and political considerations in promoting gender equality (I. 4: D309f.). An individual investor might choose to invest in companies that align with their political views on social justice by following the outlined strategy. Nevertheless, there is a danger of depoliticizing the issue of gender equality if personal engagement is limited to this approach only. GLI must not become a simple tick-boxing exercise (I. 1: A427-432). Non-professional investors have to keep in mind that gender equality cannot be achieved by simply following this strategy but it requires activism and political change as well.

4. Name and question power: Transforming the workplace and investment approaches requires a conscious effort to break down unequal power relations and systems of inequality. Instead of reproducing (subconscious) neoliberal narratives and assumptions it is important to challenge and break with them to address power and domination. In this effort, non-professional investors, however, are inevitably subject to power relations themselves, e.g., they have limited financial resources. With that comes a limited

influence of retail investors to hold companies accountable and/or change systems of inequality in the financial industry. For example, one can decide to only invest in funds that are managed by women, but if the financial institution does not offer such fund, there is a limited influence that retail investors can have about that. However, retail investors are not only retail investors but have other roles in society (as family member, as employee, as employer, as a member of civil society, etc.) that they can leverage on to support the goals they seek to implement with their personal GLI approach.

5. Overcome a binary approach to gender: By limiting gender to a binary conception, GLI confines its ability to empower marginalized groups and fails to accurately identify who is marginalized by gendered systems. Critics argue that in order to truly empower marginalized populations, it is necessary to acknowledge and include non-binary gender identities in the measurement systems and narratives of GLI (Subramanian et al. 2021: 11). One idea for addressing feminist critiques is to integrate a deepened gender analysis based on queer and gender theory into the investment design phase (ibid.: 15). As non-professional investor, this is not yet realistic to implement, since the reporting directive does not require large companies to comply with respective reporting standards. Nevertheless, it is possible to raise this point in discussions with financial advisors, banks, pension funds etc. and to check on a company website if they show efforts to move beyond the binary conception of gender.

Overall, the power of retail investors to bring about change when investing with a gender lens is limited if there are not also changes in the system. On the one hand, the hurdles to be able to view this information about companies directly must be kept as low as possible, so that as many people as possible take the factors into account in investment decisions. And that is why mandatory reporting according to predefined standards is also an important step. On the other hand, the change cannot only be brought about by individual behavioral change, but also needs to be matched with system changes. Companies should be held accountable for their performance on gender equality. This can involve conducting gender audits or assessments to identify areas where the company may be contributing to gender-based inequalities, and the requirement to develop strategies and goals to address these issues. The CSRD foresees an auditing of the reported non-financial information, but it remains open to question what penalties may be imposed if a reporting company fails to comply with the obligation to disclose the information or if the reported information indicates serious gendered inequalities within the company. Developing these systems of accountability remains the crucial challenge, as is pointed out by the interviewed feminist consultant:

> "So, I think just in general, we're in a time where accountability is even harder and harder. And the way organizations operate is becoming even more opaque and even more complex. [...] I think that does demand of us to really re-strategize and find new forms of accountability for corporates, for organizations, for governments." (I. 4: D341-345)

7. Conclusion

This thesis explored the concept of gender lens investing (GLI) as a vehicle to drive transformational change towards a more gender-equitable economy. The status quo is a gendered economy, resulting in unequal wealth distribution along gender lines among other lines of inequality. To address this issue, it is critical to examine and dismantle systems that perpetuate these disparities, as well as work toward wealth redistribution. GLI seeks to address this issue by incorporating a gender lens into investment analysis and decision-making. This approach, which considers gender-related indicators in addition to traditional business performance metrics, may challenge conventional norms. GLI provides a different perspective on the economy that goes beyond financial returns.

Given the significant impact that retail investors can have in addressing global challenges such as gender inequality by using their collective power to invest in sustainable and gender-equitable activities, this thesis addressed the lack of attention given to non-professional investors in GLI and highlighted the need for practical guidelines to help retail investors in this new investment paradigm. Since access to sustainability information is critical for retail investors' decision-making, this thesis shed light on the sustainability information currently available to non-professional investors and how they can use it to inform their investment decisions by applying a gender impact analysis. The overall research question that was answered in this thesis was therefore: *How can retail investors identify gender-equitable companies based on publicly available information so that gender lens investing becomes more accessible to them?*

Non-professional investors who want to engage in GLI face challenges such as data accessibility and transparency. The lack of a publicly accessible database of gender metrics for listed companies makes it difficult for retail investors to gain access to this information. A comparative document analysis of the European Union's Non-Financial Reporting Directive (NFRD 2014) and the proposed Corporate Sustainability Reporting Directive (CSRD) (European Commission 2021b) revealed that the NFRD merely covered only a few examples of gender-related indicators in the non-binding guidelines accompanying the directive, while the CSRD introduces mandatory reporting requirements on various aspects of gender equality, such as working conditions, equal opportunities, and the gender pay gap. The compelling reform of reporting practices under the CSRD may become a trigger to a potential paradigm shift in the financial markets.

The thesis also captured how gender responsiveness, i.e., gender in the context of investments and organizations, is conceived and filled with content. A thematic analysis of practical gender equality frameworks (the Women's Empowerment Principles and the 2X Challenge in Alignment with IRIS+), as well as expert interviews, revealed that three key elements are critical when evaluating a company's gender equity. First, capital must be channeled toward companies run, owned, and/or managed by women. Second, promoting workplace equity entails taking into account a variety of factors such as the company's gender balance, promotion opportunities, policies to advance women's careers, organizational power structures, and feminist leadership principles. Finally, encouraging the production of products and services that benefit women and girls involves looking out for business models that promote gender equality, and for companies practicing mindful, gender-sensitive communication and production processes. Organizational changes, including a shift in what is considered valuable and a change in organizational culture, are required to bring about a more gender-equitable economy. To make progress, gender lens investors must understand what works, and advocate for change within the industry. Building the case for GLI on all levels and fostering industry collaboration and networks to gather arguments and data demonstrating that GLI has an impact can transform the industry as a whole:

> "Gender lens investing can have a transformational impact on the economy because it literally informs who gets capital and who is supported in their growth and can therefore have more impact on families and consumers. For that to happen, we need to be intentional and actually look at the power dynamics are not just counting people and counting euros. That being said, it is okay if we have a few shades of grey in between where we are now where we want to go. Because it is a process." (I. 1: A427-432)

In this process of creating new systems of accountability and channeling investments toward gender equitable organizations, feminist and gender theory should inform the field. Currently, the field's thought leaders are based in the Global North, and critical (feminist) analyses and non-white feminist perspectives are lacking. This thesis was guided by the aspiration to foster dialogue between the Global North and the Global South on this topic and to ground and contextualize the findings with critical feminist theory. From a feminist point of view, a central question was how GLI can be designed for it not to fall into a co-option but to authentically pursue feminist agendas and address gender issues. Drawing from feminist critique, it is especially important for gender lens investors to consider meaningful indicators, to build unexpected collective action, to retain the politics of investing with a gender lens, to name and question power and to overcome a binary approach to gender.

The overall research question was answered with a practical strategy for non-professional investors to select gender-equitable investments based on publicly available information. To derive the strategy, the main criteria from the gender equality frameworks and the interviews were mapped against the CSRD disclosure requirements and complemented with relevant thresholds that allow to contextualize the reported information. However, the critique of Western and Eurocentric feminism from the Global South has shown that categories of inequality such as race, class, and gender do not universally have the same meaning for the individual lived realities and are subject to the same power mechanisms but must be considered in the respective local context. Thus, it is important not to use the concept of gender as a 'universal' (Western) concept but to acknowledge its complex history. Anything else would contribute to Eurocentric knowledge production. Narratives of gender, class, etc., have always grown historically, and that history has a global dimension. Following these thoughts can only mean that, in the context of GLI, there cannot be a universal definition of ‘gender-equitable’. Experiences of discrimination vary across companies, regional contexts, and on a personal level. This thesis considers voices and literature from both the Global South and Global North, from women and men, but the results of these analyses (speaking: the selection strategy) cannot simply be universalized. They can reveal blind spots and lenses through which to view organizations and investments, but these are only ever a starting point.

The thesis has demonstrated the importance of taking gender into account when making investment decisions and has provided a road map for non-professional investors to incorporate gender considerations into their investment decisions, because mainstreaming gender-related indicators can be a powerful vehicle for change:

> „Indicators are leverage points. Their presence or absence, accuracy or inaccuracy, use or non-use, can change the behavior of a system, for better or worse. In fact, changing indicators can be one of the most powerful and at the same time one of the easiest ways of making systems change.” (Meadows 1998: 5)

An assessment of the effectiveness and impact of the outlined gender lens investment strategy for promoting gender equity in the workplace and in society at large may be subject of further research in the field. Since the implementation of the strategy at large scale may pose yet another challenge and barrier faced by non-professional investors, future research may also explore the value of digital platforms gathering and processing the relevant information for retail investors’ investment decision-making. Another aspect to cover in future research projects may be the investigation of the role of technology in analyzing sustainability reports and increasing transparency for more accountability. In terms of institutional regulations, the coming years will reveal the implications of CSRD in practice in promoting GLI.

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Appendix

Appendix A: Table with Codings from Non-Financial Reporting Directive (NFRD) and Corporate Sustainability Reporting Directive (CSRD)

Category 1	Relevant Passages
NFRD	"(7) Where undertakings are required to prepare a non-financial statement, that statement should contain, as regards environmental matters, details of the current and foreseeable impacts of the undertaking's operations on the environment, and, as appropriate, on health and safety, the use of renewable and/or non-renewable energy, green house gas emissions, water use and air pollution. As regards social and employee-related matters, the information provided in the statement may concern the actions taken to ensure gender equality, implementation of fundamental conventions of the International Labour Organisation, working conditions, social dialogue, respect for the right of workers to be informed and consulted, respect for trade union rights, health and safety at work and the dialogue with local communities, and/or the actions taken to ensure the protection and the development of those communities. With regard to human rights, anti-corruption and bribery, the non-financial statement could include information on the prevention of human rights abuses and/or on instruments in place to fight corruption and bribery." (NFRD 2014: 2) "(19) The obligation to disclose diversity policies in relation to the administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender or educational and professional backgrounds should apply only to certain large undertakings. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 20 of Directive 2013/34/EU. If no diversity policy is applied there should not be any obligation to put one in place, but the corporate governance statement should include a clear explanation as to why this is the case." (NFRD 2014: 3) "(2) Article 20 is amended as follows: (a) in paragraph 1, the following point is added: '(g) a description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period. If no such policy is applied, the statement shall contain an explanation as to why this is the case.'" (NFRD 2014: 5)
CSRD	"Paragraph (5) of Article 1 amends Article 20 to require listed companies subject to this provision to include a reference to gender in the description of the diversity policy applied in relation to the company's administrative, management and supervisory bodies. It also amends Article 20 to allow listed undertakings subject to Article 20 to comply with the requirements it sets out in points (c), (f) and (g) by including the necessary information as part of their sustainability reporting." (European Commission 2021: 14) "(51) Article 20 of Directive 2013/34/EU requires undertakings with securities listed on regulated markets to include a corporate governance statement in their management report, which has to contain among other information a description

	of the diversity policy applied by the undertaking in relation to its administrative, management and supervisory bodies. Article 20 of Directive 2013/34/EU leaves flexibility to undertakings to decide what aspects of diversity they report on. It does not explicitly oblige undertakings to include information on any particular aspect of diversity. In order progress towards a more gender-balanced participation in economic decision-making, it is necessary to ensure that undertakings with securities listed on regulated markets always report on their gender diversity policies and the implementation thereof. However, to avoid unnecessary administrative burden, those undertakings should have the possibility to report some of the information required by Article 20 of Directive 2013/34/EU alongside other sustainability-related information." (European Commission 2021: 36f.) "2. The sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, representative, verifiable, comparable, and is represented in a faithful manner. The sustainability reporting standards shall, taking into account the subject matter of a particular standard: [...] (b) specify the information that undertakings are to disclose about social factors, including information about: (i) equal opportunities for all, including gender equality and equal pay for equal work, training and skills development, and employment and inclusion of people with disabilities; (ii) working conditions, including secure and adaptable employment, wages, social dialogue, collective bargaining and the involvement of workers, work-life balance, and a healthy, safe and well-adapted work environment; (iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union." (European Commission 2021: 45f.) "(5) Article 20 (1) is amended as follows: (a) point (g) is replaced by the following: '(g) a description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regard to gender and other aspects such as, age, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period. If no such policy is applied, the statement shall contain an explanation as to why this is the case.';" (European Commission 2021: 48)

Category 2	Thematic Aspects
NFRD	<u>Social and Employee Matters</u> "Companies are expected to disclose material information on social and employee matters. These include: • the implementation of fundamental conventions of the International Labour Organisation; • diversity issues, such as gender diversity and equal treatment in employment and occupation (including age, gender, sexual orientation, religion, disability, ethnic origin and other relevant aspects); • employment issues, including employee consultation and/or participation, employment and working conditions; • trade union relationships, including respect of trade union rights; • human capital management including management of restructuring, career management and employability, remuneration system, training; • health and safety at work; • consumer relations, including consumer satisfaction, accessibility, products with possible effects on consumers' health and safety; • impacts on vulnerable consumers; • responsible marketing and research; and • community relations, including social and economic development of local communities." (European Commission 2017: 15f.) <u>Board Diversity</u> "*Diversity aspects* The description of the diversity policy should specify which diversity criteria are applied and explain the reasons for choosing them. When selecting these criteria, all relevant diversity aspects should be considered to ensure that the board has a sufficient diversity of views and the expertise needed for a good understanding of current affairs and longer-term risks and opportunities related to the company's business. The nature and complexity of the company's business should be taken into account when assessing the profiles needed for optimal board diversity, as should the social and environmental context in which the company operates." (European Commission 2017: 19) "The diversity aspects should, in general, cover age, gender, or educational and professional backgrounds." (European Commission 2017: 20) "*Objectives* Companies should disclose specific measurable targets for relevant diversity aspects. It is particularly useful to set quantitative targets and timeframes, in particular regarding gender balance." (European Commission 2017: 20)

CSRD	<u>Social European Sustainability Reprting Standards (ESRS):</u> <u>ESRS S1:</u> “In order to meet the objective, this [draft] Standard also requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on its own workforce in relation to the following social, including human rights, factors or matters: (a) working conditions, including: i. secure employment; ii. working time; iii. adequate wages; iv. social dialogue; v. freedom of association, the existence of works councils and the information, consultation and participation rights of workers; vi. collective bargaining, including the rate of workers covered by collective agreements; vii. work-life balance; and viii. health and safety. (b) equal treatment and opportunities for all, including: i. gender equality and equal pay for work of equal value; ii. training and skills development; iii. employment and inclusion of persons with disabilities; iv. measures against violence and harassment in the workplace; and v. diversity. (c) other work-related rights, including: i. child labour; ii. forced labour; iii. adequate housing; and iv. privacy.” (EFRAG 2022d: 5) “This [draft] Standard also requires an explanation of how such impacts, as well as the undertaking’s dependencies on its own workforce, can create material risks or opportunities for the undertaking. For example, on the matter of equal opportunities, discrimination in hiring and promotion against women can reduce the undertaking’s access to qualified labour and harm its reputation. Conversely, policies to increase the representation of women in the workforce and in upper levels of management can have positive effects, such as increasing the pool of

qualified labour and improving the undertaking's reputation." (EFRAG 2022d: 5f.)

<u>ESRS S2:</u>

"In order to meet the objective, this [draft] Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on value chain workers in relation to:

> (a) working conditions (for example, secure employment, working time, adequate wages, social dialogue, freedom of association, including the existence of work councils, collective bargaining, work-life balance and health and safety);
>
> (b) equal treatment and opportunities for all (for example, gender equality and equal pay for work of equal value, training and skills development, the employment and inclusion of persons with disabilities, measures against violence and harassment in the workplace, and diversity);
>
> (c) other work-related rights (for example, child labour, forced labour, adequate housing, water and sanitation and privacy)." (EFRAG 2022e: 4)

<u>ESRS S3:</u>

"In order to meet the objective, the [draft] Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on affected communities in relation to:

> (a) impacts on communities' economic, social and cultural rights (e.g. adequate housing, adequate food, water and sanitation, land-related and security-related impacts);
>
> (b) impacts on communities' civil and political rights (e.g. freedom of expression, freedom of assembly, impacts on human rights defenders); and
>
> (c) impacts on particular rights of Indigenous communities (e.g. free, prior and informed consent, self-determination, cultural rights)." (EFRAG 2022f: 4)

<u>ESRS S4:</u>

"In order to meet the objective, this [draft] Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on the consumers and/or end-users related to its products and/or services in relation to:

> (a) information-related impacts for consumers and/or end-users (for example, privacy, freedom of expression and access to (quality) information;
>
> (b) personal safety of consumers and/or end-users (for example, health and safety, security of a person and protection of children);

	(c) social inclusion of consumers and/or end-users (for example, non-discrimination, access to products and services and responsible marketing practices).” (EFRAG 2022g: 4)
Category 3	Key Performance Indicators
NFRD	“A company may consider disclosing KPIs based on aspects such as: • gender diversity and other aspects of diversity; • employees entitled to parental leave, by gender; • workers who participate in activities with a high risk of specific accidents or diseases; • the number of occupational accidents, types of injury or occupational diseases; • employee turnover; • the ratio of employees working under temporary contracts, by gender; • average hours of training per year per employee, by gender; • employee consultation processes; • number of persons with disabilities employed.” (European Commission 2017: 16)
CSRD	<u>ESRS S1</u> *Disclosure Requirement S1-1 – Policies related to own workforce* “The undertaking shall disclose: (a) whether it has specific policies aimed at the elimination of discrimination, including harassment, promoting equal opportunities and other ways to advance diversity and inclusion; (b) whether the following grounds for discrimination and diversity are specifically covered in the policy: racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, and any other forms of discrimination covered by EU regulation and national law” (EFRAG 2022d: 9f.) *Disclosure Requirement S1-6 – Characteristics of the undertaking’s employees* “The undertaking shall describe key characteristics of employees in its own workforce. [...] The disclosure required by paragraph 49 shall include: (a) a report by head count of the total number of employees, and breakdowns by gender and by country for countries in which the undertaking has 50 or more employees; (b) a report by head count or full time equivalent (FTE) of: i. permanent employees, and breakdowns by gender and by region; ii. temporary employees, and breakdowns by gender and by region; and iii. non-guaranteed hours employees, and breakdowns by gender and by region.” (EFRAG 2022d: 13)

Disclosure Requirement S1-9 – Diversity indicators

"The undertaking shall disclose:

(a) the gender distribution in number and percentage at top management level amongst its employees" (EFRAG 2022d: 15)

Disclosure Requirement S1-13 – Training and skills development indicators

"The disclosure required by paragraph 78 shall include:

(a) the percentage of employees that participated in regular performance and career development reviews; such information shall be broken down by employee category and by gender;

(b) the average number of training hours per person for employees, by employee category and by gender." (EFRAG 2022d: 17)

Disclosure Requirement S1-15 – Work-life balance indicators

"The disclosure required by paragraph 86 shall include:

(a) the percentage of employees entitled to take family-related leaves; and

(b) the percentage of entitled employees that took family-related leaves, and a breakdown by gender." (EFRAG 2022d: 18)

Disclosure Requirement S1-16 – Compensation indicators (pay gap and total compensation)

"The disclosure required by paragraph 90 shall include:

(a) the male-female pay gap, defined as the difference between average gross hourly earnings of male paid employees and of female paid employees expressed as a percentage of average gross hourly earnings of male paid employees" (EFRAG 2022d: 18)

Disclosure Requirement S1-17 – Incidents, complaints and severe human rights impacts and incidents

"The disclosure required by paragraph 95 shall include, subject to the relevant privacy regulations, work-related incidents of discrimination on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination involving internal and/or external stakeholders across operations in the reporting period. This includes incidents of harassment as a specific form of discrimination.

The undertaking shall disclose the following information in relation to the work-related grievances, incidents and complains related to the social and human rights matters specified in paragraph 2 of the Objective section:

(a) the total number of incidents of discrimination, including harassment, reported in the reporting period; [...]

(c) the total amount of material fines, penalties, and compensation for damages as a result of violations regarding social and human rights factors; and a reconciliation of such monetary amounts disclosed with the most relevant amount presented in the financial statements;" (EFRAG 2022d: 19)

Appendix B: Application Requirements

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction of with strategy and business model(s)

"Examples of particular characteristics of own workers that may be considered by the undertaking when responding to paragraph 17 relate to young workers that may be more susceptible to impacts on their physical and mental development, or women workers in a context where women are routinely discriminated against in the terms and conditions of work, or migrant workers in a context where the market for the supply of labour is poorly regulated and workers are routinely charged recruitment fees." (EFRAG 2022d: 29)

Disclosure Requirement S1-2 – Processes for engaging with own workers and workers' representatives about impacts

"The undertaking shall consider the following aspects when fulfilling this Disclosure Requirement: [...]

(e) how it engages with workers and workers' representatives on the impacts on its own workforce that may arise from reducing carbon emissions and transitioning to greener and climate-neutral operations, in particular restructuring, employment loss or creation, training and up/reskilling, gender and social equity and safety and health." (EFRAG 2022d: 31f.)

"The undertaking may also disclose the following information in relation to paragraph 25 on diversity:

(a) how it engages with at-risk or vulnerable groups (for example whether it takes specific approaches and gives special attention to potential barriers);

(b) how it takes into account potential barriers to worker engagement (for example, language and cultural differences, gender and power imbalances, divisions within a community or group);

(c) how it provides workers with information that is understandable and accessible through appropriate communication channels;

(d) any conflicting interests that have arisen among different workers and how the undertaking has resolved these conflicting interests; and

(e) how it seeks to respect the human rights of all stakeholders engaged, for example, their rights to privacy, freedom of expression, and peaceful assembly and protest." (EFRAG 2022d: 32)

	<u>ESRS S2</u> *Disclosure Requirement related to ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model(s)* "When fulfilling the requirements of paragraph 46 (a) and (c), the undertaking shall disclose whether all value chain workers who can be materially impacted by the undertaking, including impacts that are caused or contributed by the undertaking or directly linked to its own operations, products or services through its business relationships, are included in the scope of its disclosure under ESRS 2. In addition, the undertaking shall provide the following information: (a) a brief description of the types of workers subject to material impacts by its own operations or through its upstream and downstream value chain, and specify whether they are: [...] v. workers who (within the prior categories or additionally) are particularly vulnerable to negative impacts whether due to inherent characteristics or to the particular context, such as trade unionists, migrant workers, home workers, women or young workers." (EFRAG 2022e: 5) *Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts* "Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of workers that may be particularly vulnerable to impacts and/or marginalised (for example, women workers, migrant workers, workers with disabilities)." (EFRAG 2022e: 8) **Appendix B: Application Requirements** *Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)* "Examples of particular characteristics of workers in the value chain that may be considered by the undertaking when responding to paragraph 12 relate to young workers that may be more susceptible to impacts on their physical and mental development, or women workers in a context where women are routinely discriminated against in the terms and conditions of work, or migrant workers in a context where the market for the supply of labour is poorly regulated and workers are routinely charged recruitment fees." (EFRAG 2022e: 14) *Disclosure Requirement S2-4 – Taking Action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions and approaches* "The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for value chain workers are designed also to support the achievement of one or more of the UN Sustainable Development Goals (SDGs). For example, through a commitment to advance UN SDG 8 to 'promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all' the undertaking may be providing capacity-building to smallholders in its supply chain, resulting in

	increases in their income; or it may be supporting training to increase the proportion of women able to take delivery jobs in its downstream value chain." (EFRAG 2022e: 18) "When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may e.g., consider programmes that aim to advance women workers' financial literacy that have resulted in more women being promoted as well as in reports of reduced sexual harassment in the workplace." (EFRAG 2022e: 18)
	<u>ESRS S3</u> **Appendix B: Application Requirements** *Disclosure Requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model(s)* "Examples of particular characteristics of affected communities that may be considered by the undertaking when responding to paragraph 10 may be an affected community that is physically or economically isolated and is particularly susceptible to introduced diseases or has limited access to social services and therefore relies on infrastructure set up by the undertaking. It may be because where land worked by women is purchased by the undertaking and payments go to male heads of households, women become further disenfranchised in the community." (EFRAG 2022f: 12f.) "In addition, the undertaking shall consider the intersectionality of characteristics such as ethnicity, socioeconomic status, migrant status and gender that may create overlapping risks of harm for certain affected communities – or for distinct parts of those affected communities, since affected communities are often heterogeneous in nature." (EFRAG 2022f: 13) *Disclosure Requirement S3-4 – Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions and approaches* "The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for affected communities are designed also to support the achievement of one or more of the UN Sustainable Development Goals (SDGs). For example, through a commitment to advance UN SDG 5 to "achieve gender equality and empower all women and girls" the undertaking may be taking thoughtful measures to include women in the consultation process with an affected community to meet standards of effective stakeholder engagement, which can help empower the women in the process itself, but potentially also in their daily lives." (EFRAG 2022f: 17) "When disclosing the intended or achieved positive outcomes of its actions for affected communities a distinction is to be made between evidence of certain activities having occurred (for example, that x number of women community members have been provided with training on how to become local suppliers to

	the undertaking,) from evidence of actual outcomes for affected communities (for example, that x women community members have set up small businesses and have had their contracts with the undertaking renewed year-on-year)." (EFRAG 2022f: 17)
	<u>ESRS S4</u> **Appendix B: Application Requirement** *Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)* "Examples of particular characteristics of consumers and/or end-users that may be considered by the undertaking when responding to paragraph 10 relate to young consumers and/or end-users that may be more susceptible to impacts on their physical and mental development, or they lack financial literacy and may be more susceptible to exploitative sales or marketing practices, or they are women in a context where women are routinely discriminated against in their access to particular services or in the marketing of particular products." (EFRAG 2022g: 11f.)

Appendix B: Table with Codings from the Women's Empowerment Principles (WEPs), 2X Challenge and Interviews

Category 1	Providing access to capital
WEPs	"Secure access to formal financial services." (Fälth/Rañola 2021: 121)
2X Challenge	-
Interviews	"I was part of a team that raised venture capital investment, well we raised everything from angel money to grant funding to venture capital to loans and what used to kind of bother me was never really seeing too many women in the platforms where we were on, you know, where we were being interviewed about being a success story, or if you've raised $30 million and just not seeing a lot of other women on these platforms." (I. 3: C8-12) "And now I'm at the stage where I've realized part of the problem with not (...) I actually wrote a academic article on this with a friend (...) part of the women why we the reason why we don't have a lot of women entrepreneurs being invested in is that we don't have enough women capital allocators. So we don't have enough women investors in the first place." (I. 3: C21-25) "And so, you know, people invest in people who look and sound like them a lot. And so, I find sometimes it's even simple as little nuance language issues like if a woman might say like, the market is very big for this, and speaking to a male investor they think she didn't have an idea. Whereas if she says that to me, I can say okay, great, how do we (...) how can we quantify this so that we get a sense of how big it is? Because intuitively they've got a big sense of it, but how do we quantify it?" (I. 3: C25-31) "Investors tend to invest into people that are similar to them, whether it is investing into people of the same ethnicity, same background, same school experience. And the most important one that we are seeing right now is gender. And I think that, if you look at the VC space as a whole, right, we go into your northern markets. So, we're talking North America, we're talking the EU we're talking Great Britain. The VC space is dominated by white males. Now, if we think about homophily, who is (...) who are they interested in supporting? It's people that look, sound, think just like them. And that for me is why we haven't been able to see a lot of money flow to this group of people." (I. 2: B18-25) "You can have checklists. So, as you're going through, you start at the beginning. So, deal sourcing phase, you know that you need to be considering investments into women, right? So, you have to look at a startup and say is this startup is it founded by a female. Now you ask yourself, what does being founded by a female mean? Does it mean having a female on the executive team, so a CTO, a CEO, or a CFO, what does it mean to you? Does it mean that the sole founder is just their only female?" (I. 2: B60-65) "The primary for us is actually women ownership as well, because we want the women to at least have 30% ownership before we invest and that they have some level of strategic influence in the organization. It shouldn't just be 30% on paper." (I. 3: C44-46)

<table>
<tr><td></td><td>“These places are still extremely dominated by men, extremely dominated by men, white men. And the (...) it feels as if the importance of gender has not translated into their teams, right.” (I. 2: B136-138)

“And she's especially looking in companies run by women.” (I. 5: E56)

“But there were a lot of microfinance institutes that are focused on women, or at least have a specific code that some of the money has to flow to women related business. So, I think that's a really good idea to promote or to do female investing.” (I. 5: E101-103)</td></tr>
<tr><td>Category 2</td><td>Promoting workplace equity</td></tr>
<tr><td>WEPs</td><td>
<table>
<tr><td rowspan="2">Board of Directors</td><td>“Gender balance of the company’s board of directors and non-executive board (or supervisory board)” (Equileap 2022a: 49)</td></tr>
<tr><td>Threshold: 30% (Fälth/Rañola 2021: 47)</td></tr>
<tr><td rowspan="2">Executives</td><td>“Gender balance of the company’s executives and executive board” (Equileap 2022a: 49)</td></tr>
<tr><td>Threshold: 30% (Fälth/Rañola 2021: 51)</td></tr>
<tr><td rowspan="2">Senior Management</td><td>“Gender balance of the company’s senior management” (Equileap 2022a: 49)</td></tr>
<tr><td>Threshold: 30% (Fälth/Rañola 2021: 64)</td></tr>
<tr><td rowspan="2">Workforce</td><td>“Gender balance of the company’s workforce” (Equileap 2022a: 49)</td></tr>
<tr><td>Threshold: 30% (Fälth/Rañola 2021: 24)</td></tr>
<tr><td rowspan="2">Promotion & Career Development Opportunities</td><td>“Gender balance of the company’s senior management compared to the gender balance of the company’s workforce, signaling career progression opportunities” (Equileap 2022a: 49)</td></tr>
<tr><td>Threshold: >0.5

“A score of 1 means that there is similar representation of women in senior management as in the overall workforce. This indicates that there is a proportional pipeline of women to senior management or balanced hiring of women at the workforce and senior management levels.” (Fälth/Rañola 2021: 66)</td></tr>
<tr><td>Living Wage</td><td>“Commitment to pay a living wage to all employees” (Equileap 2022a: 49)</td></tr>
<tr><td>Gender Pay Gap</td><td>“Transparency on gender pay data, strategy to close any gender pay gap and detailed performance in achieving this” (Equileap 2022a: 49)</td></tr>
<tr><td>Parental Leave</td><td>“Paid leave programs (at least 2/3 paid) for child care to both primary or secondary carers globally</td></tr>
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	or at least in the country of incorporation" (Equileap 2022a: 49)
	"14 weeks of parental leave with pay of at least two thirds of a person's salary for childcare, to both primary or secondary caregivers globally or at least in the country of incorporation" (Fälth/Rañola 2021: 91)
Flexible Work Options	"Option to employees to control and / or vary the start and end times of the work day, and / or vary the location from which employees work" (Equileap 2022a: 49)
Training and Career Development	"Commitment to ensure equal access to training and career development irrespective of gender" (Equileap 2022a: 49)
Recruitment Strategy	"Commitment to ensure non-discrimination against any type of demographic group and equal opportunities to ensure gender parity" (Equileap 2022a: 49)
Freedom from Violence, Abuse and Sexual Harassment	"Prohibits all forms of violence in the workplace, including verbal, physical and sexual harassment" (Equileap 2022a: 49)
Safety at Work	"Commitment to the safety of employees in the workplace, in travel to and from the workplace and on company related business, as well as safety of vendors in the workplace" (Equileap 2022a: 49)
Human Rights	"Commitment to ensure the protection of human rights, including employees' rights to participate in legal, civic and political affairs" (Equileap 2022a: 49)
Social Supply Chain	"Commitment to reduce social risks in its supply chain such as forbid business related activities that condone, support, or otherwise participate in trafficking, force and child labour or sexual exploitation" (Equileap 2022a: 49)
Supplier Diversity	"Commitment to ensure diversity in the supply chain, including support for women owned businesses in the supply chain" (Equileap 2022a: 49)
Employee Protection	"Systems and policies for the reporting of internal ethical compliance complaints without retaliation or retribution, such as access to confidential third-party ethics hotlines or systems for confidential written complaints" (Equileap 2022a: 49)

(Equileap 2022a: 49)

2X Challenge	Share of women on the Board	Percent of Board who are female
		“To qualify under the 2X sub-criterion 2B(i), the criterion stipulates that the share of women on the Board should exceed 30% or the national legal minimum for the organisation’s domicile country, whichever is higher.” (Jordan-Kirwan/Tengtio 2020: 15)
	Business founded by a woman	Percent of company founder(s) who are female
		“To qualify for the 2X Challenge under sub-criterion 1B, female founders must represent the majority of the total founders.” (Jordan-Kirwan/Tengtio 2020: 13)
	Share of women in senior management	Percent of senior management who are female
		“To qualify for the 2X Challenge under sub-criterion 2A, the percent of senior management who are female must meet or exceed the sector specific threshold (Infrastructure, Power, Telecoms: 20%; Financial Services, Manufacturing, Agribusiness and Food, Professional Services, Consumer Services: 25%; Healthcare, Education: 30%).” (Jordan-Kirwan/Tengtio 2020: 14)
	Share of women in the workforce	Percent of employees (FTE) who are female
		“To qualify for the 2X Challenge under sub-criterion 3A, the percent of FTEs must meet or exceed the sector-specific threshold (Infrastructure, Power, Telecoms: 30%; Financial Services, Manufacturing – heavy, Agribusiness and Food, Professional Services: 40%; Healthcare, Education, Consumer Services, Manufacturing – light: 50%) and have an initiative in place to advance women in the workforce.” (Jordan-Kirwan/Tengtio 2020: 16)
	Quality indicator beyond compliance	Investee has initiative in place to specifically advance women in the workforce (Y/N)
		“To qualify for the 2X Challenge under sub-criterion 3B, organisations must have at least one policy or programme in place as per the above definition and calculation.” (Jordan-Kirwan/Tengtio 2020: 17f.) “IRIS+ metric: Women’s Career Advancement Initiative (OD4232) + one or more from the list below (disaggregated where needed by using the Target Stakeholder Demographic (PD5752) metric):

<table>
<tr><td></td><td></td><td>Gender Wage Equity (OI855)
Diverse Representation Policy (OI9485)
Flexible Work Arrangements (OI7983)
Sexual Harassment Policy (OI9088)
Employment Benefits (OI2742)
Fair Compensation Policy (OI3819)
Fair Career Advancement Policy (OI4884)
Anti-Discrimination Policy (OI9331)
Employees Trained (OI4229)" (Jordan-Kirwan/Tengtio 2020: 17)</td></tr>
<tr><td></td><td rowspan="2">Share of women on the IC</td><td>Percent of IC who are female</td></tr>
<tr><td></td><td>"To qualify under the 2X sub-criterion 2B(ii), the criterion stipulates that 30% or more members of the IC should be women." (Jordan-Kirwan/Tengtio 2020: 15)</td></tr>
<tr><td></td><td rowspan="2">Share of women ownership</td><td>Percent of female ownership</td></tr>
<tr><td></td><td>"To qualify under the 2X sub-criterion 1A, the criterion stipulates 51% or more of ownership must be directly owned by women." (Jordan-Kirwan/Tengtio 2020: 13)</td></tr>
<tr><td></td><td colspan="2">(Jordan-Kirwan/Tengtio 2020)</td></tr>
<tr><td>Interviews</td><td colspan="2">"During due diligence, you ask yourself a lot of questions. And during due diligence, there's a lot of checklists that you can definitely use. It's questions like looking at the demographics of the employees. Are they even, are they trying to be even? Is this a consideration for them? It's looking at their board members, do they have any female representative quotations? Are any of these female representatives? Independent?" (I. 2: B70-74)

"I'd want to know, does this company have a gender strategy in place? And are there allocated budgets to thinking about gender in their internal processes? You know, what do they (...) do they have a gender wage gap? Do they review that on an annual basis and take charge? Do they have a gender focal point? And if they have a gender focal point, where does that gender focal point sit? Right? Does it sit within (...) do they sit within HR or do they sit within the CEOs office basically." (I. 1: A176-181)

"And yeah, I would look at things like HR policies that they have in place, maternity leave beyond the minimum national standard, paternity leave beyond the minimum national standard, flexible work. Also to an extent (...) and I think if these are listed companies, this is probably something that you could do although I think they'd be hesitant because there's a lot of toxic cultures there. But it would be super interesting if these companies were to do annual employee surveys in a big segregated space." (I. 1: A182-187)

"I think that you also get to (...) you get to look for policies as well. Right. So, policies within the startup itself, are these (...) is this startup considering different factors? Are they considering maternity leave? Are they considering supporting</td></tr>
</table>

	women that, you know, like different policies within the business. And I think these are all factors that include having a gender lens when you look at a business. It's literally about expanding the way that you look at a business." (I. 2: B74-79) "And when I say gender status, there should be a host of different metrics that fall under a gender status, right. They have an overall gender score, right. That overall gender score takes into consideration various factors that (...) the breakdown of women within a force, a team force, the breakdown of women within the management team, executive team, founding team, boards. Then looking at policies, rating those policies, looking at contractors and suppliers and all of this." (I. 2: B113-118) "So, a lot of the times I'm trying to distract these cultures around like unhealthy working patterns in my own work right. Power dynamics in my work with others. I'm trying to disrupt practices of any inequality. So, for example, when I do work with people, I am very concerned about like, Are you being remunerated equitably?" (I. 4: D147-150) "I know for example there's easy small little indicators, like when you're thinking about like health, care and well-being, things like, you know, how many days a week do people work? Do people work weekends, right? So, what is the extent of work life balance in this organization?" (I. 4: D169-172) "Those are all factors that are often influenced by workplace dynamics, especially things like burnout, you know. And even more so depression, because when you're continuously working, working, and you don't have a break, it does exacerbate mental health challenges." (I. 4: D179-181) "First of all, you need to decide, what kind of companies do you want to invest in? Do you want to invest in those companies which have the highest proportion of female board members? Or do you want to invest in those with the lowest number of female board members? So just like do you have an activist approach, or do you have a (...) like to go into the best in class, or do you use this momentum approach? So, there are many things it's not quite clear which one would be the best strategy." (I. 6: F50-55) "I mean, you could look at the board composition, at the management, at the supervisory, and the national board composition. [...] for example, I could imagine it, you know, there are some companies which are providing childcare services, like kindergarten at the companies." (I. 6: F72-75) "And then even, for example, when you're thinking about equity, right, we often speak about the unpaid care work of women, but in organizations, they'll still have maternity leave that's different to paternity leave. [...] So how are we then talking about the unpaid care work of woman and how we want to address this but as like a fundamental level around parental leave, you don't even have a uniform regime around that." (I. 4: D193-199) "I guess, the other thing is, every company knows that it's like, it's a good economic choice to increase your pool of talent. And to have like a more diverse, a more gender balanced workforce. I think, everyone knows that. I wouldn't really believe that companies would say No, we are against hiring gender equal." (I. 6: F171-174) "So, I think part of why I specifically call it a feminist consulting practice is because the ways I work are aligned with my values, my values around justice, my values around equity, my values around collective care and wellbeing. So even with myself, right. When I work in a team for example, and I'm leading a team of people, my

	practice of leadership is informed by feminist principles. So I try to be as non-hierarchical as possible. I try to build capacity in my leadership. I really trust people. I listen deeply. I'm very empathetic. I take time to see the holistic nature of people." (I. 4: D121-127)
Category 3	Stimulating the production of products and services that are beneficial to women and girls
WEPs	"However, the WEPs TAF recommends that companies adopt a stand-alone responsible marketing or communication policy (or a commitment embedded in a broader corporate policy) that addresses the portrayal of gender stereotypes and promotes positive portrayals of women and girls." (Fälth/Rañola 2021: 122) "However, the WEPs TAF recommends that companies integrate gender considerations into product design, safety testing and delivery to cater to women and girls' needs along with those of men and boys. Another example is to conduct community-led impact assessments, to understand from the community themselves how to respect their rights – especially those of women." (Fälth/Rañola 2021: 123)
2X Challenge	<table><tr><td rowspan="2">Product or service specifically or disproportionately benefits women</td><td>Investee's product or service specifically or disproportionately benefits women (Y/N)</td></tr><tr><td>"To qualify for the 2X Challenge under sub-criterion 4A, the organisations must offer at least one product or service as per the above definition and calculation." (Jordan-Kirwan/Tengtio 2020: 19) "DEFINITION: Any product or service that is intentionally targeted towards women and/or girls and/or addresses critical barriers to their economic participation and success. This includes products and services that: are designed for women's unique needs; address a problem that disproportionately impacts women; have a majority of women customers; and/or have a majority of women beneficiaries. Potential products that qualify are those that enable women to increase their: safety or security; access to finance or to markets; access to health (including sexual and reproductive health); access to education; and/or time savings. Practitioners should be able to provide a rationale for how the product/service disproportionately benefits women." (Jordan-Kirwan/Tengtio 2020: 19)</td></tr><tr><td rowspan="2">Product or service specifically or disproportionately benefits women</td><td>Percent of customers who are female</td></tr><tr><td>"To qualify for the 2X Challenge under sub-criterion 4B, women must comprise the majority of customers (either direct or by proxy, as beneficiaries)." (Jordan-Kirwan/Tengtio 2020: 20)</td></tr></table> (Jordan-Kirwan/Tengtio 2020)

<table>
<tr><td>Interviews</td><td>“There's so many companies that say we're 2X compliant just because they say we provide products or services that disproportionately benefit women. And there's no objective way to test that really.” (I. 1: A205-207)

“But like, how could you think of a business model which helps to reduce the gender inequality? It's a bit hard to say.” (I. 6: F47f.)

“You could look at the products they're offering [...] For example, you could consider investing in companies which are producing hygiene products, like that kind of aspects.” (I. 6: F73-77)

“And she's running a fund focused on three themes. That's nutrition, education, health. And I would say the roof of all that is gender.” (I. 5: E53f.)

“The other side, maybe I (...) let's say the so-called soft themes. Which should change for sure but is still in place. So, if it's, if it goes to crop tech or digitalization or that that kind of stuff, it's more men dominated, but if it goes to nutrition or health, or education, that soft themes often (...) more often women are in responsibility.” (I. 5: E92-95)</td></tr>
<tr><td>Category 4</td><td>Other/General</td></tr>
<tr><td>WEPs</td><td><table>
<tr><td>Commitment to Women’s Empowerment</td><td>“Signatory to the UN Women’s Empowerment Principles” (Equileap 2022a: 49)</td></tr>
<tr><td>Audit</td><td>“Undertaken and awarded an independent gender audit certificate by an Equileap recognized body” (Equileap 2022a: 49)</td></tr>
</table>(Equileap 2022a: 49)</td></tr>
<tr><td>2X Challenge</td><td><table>
<tr><td rowspan="2">Financial intermediary meets one of the direct 2X criteria</td><td>Share of FI’s portfolio that meets at least one of the direct 2X criteria</td></tr>
<tr><td>“Therefore, the Fund investee or ultimate lender/investor will need to use the direct 2X Challenge indicators (as set out in table 3) to analyse the Fund’s portfolio to be able provide data against indicator 5B. If the percentage of a Fund’s portfolio that meets at least one of the direct 2X criteria is ≥30%, the investee would be eligible to qualify for the 2X Challenge.” (Jordan-Kirwan/Tengtio 2020: 24)</td></tr>
<tr><td rowspan="2">Financial intermediary meets one of the direct 2X criteria</td><td>Share of Fund’s portfolio that meets at least one of the direct 2X criteria</td></tr>
<tr><td>“Therefore, the Fund investee or ultimate lender/investor will need to use the direct 2X Challenge indicators (as set out in table 3) to analyse the Fund’s portfolio to be able provide data against indicator 5B. If the percentage of a Fund’s portfolio that meets at least one of the direct 2X criteria is ≥30%, the investee would be eligible to qualify for the 2X Challenge.” (Jordan-Kirwan/Tengtio 2020: 24)</td></tr>
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	(Jordan-Kirwan/Tengtio 2020)
Interviews	"One of the first things I think (...) are the people who are involved in this organization, or leading the organization, have they experienced any forms of discrimination, of marginalization, of injustice, that has resulted in their starting this organization to respond to the issue?" (I. 4: D442-445) "So, the equality, that's what everyone talks about, we want greater equality, but things can't just be equal to begin with. There's a step change that needs to happen in order for things to get equal, and that's where equity comes in. And I think that's, that's where we need to be with gender lens investing." (I. 2: B6-9) "How I understand gender lens investing, I think that it has to do with looking at the investment process as a whole. Looking at that entire process from deal sourcing to due diligence to actual disbursement to management of the portfolio company, should it now become an investment, having a gender lens incorporating in each of these processes. What that means for me is factoring in different factors, considering different biases that you have, biases and things that we don't even realize that we have and unless you have tools set in place to ensure or check your biases, you never ever consider them. And so, for me gender lens investing (...) has to do with ensuring that you are constantly checking your biases, constantly making sure that you are considering all of the different various parties and considering that." (I. 2: B50-58) "There are different lenses through which you can look at it, whether it's women ownership or women leadership, or whether the products are inclusive. Products and services are inclusive of women or the value chain is inclusive of women." (I. 3: C40-42) "So a lot of the work to be done is with investors so we help them develop gender lens investing strategies, we help them look at their processes and say how can we de-bias your due diligence process and your investment process?" (I. 1: A16-18) "So, the first is our definition of gender lens investing is applying intentionally (...) intentionally incorporating gender factors into investment decisions and processes in order to improve both business and social outcomes. So, a few things are important there. The intentionality piece. So, it's not enough to say, oh, we happen to invest in companies that serve many women customers, you need to be intentional about it. And the second one is the focus on both business and social impact so we're not giving charity, gender lens investing is still very much a commercial undertaking." (I. 1: A39-45) "So, on the 2X Challenge, I think it's an interesting one because it's sort of the global standard of what it means to be a gender lens investor. And it's a globally recognized set of criteria, so I'm 2x-aligned so I am a gender lens investment as a business. But really the 2X Challenge we think should be seen as the floor, not the ceiling. So really the starting point." (I. 1: A56-59) "We guide them through these definitions in the 2X Challenge criteria to say okay, so these are, you know, these are the commonly accepted parameters, but you need to identify within that what that means for you, and that can take a variety of shapes and sizes." (I. 1: A63-65) "So once they've established, what does gender inclusion mean for them, and what are their criteria, then as an investor again, you can look at do we focus on, you know, allocating more money to gender forward businesses - so what's the definition and where does the money go to - but it might also mean focusing on

	your internal environment again, as an investor, to make sure that you actually bring more women into decision making positions, etc." (I. 1: A71-75) "And then I think there isn't really a wrong - no, there are wrong ways to go about it - but it's not to say that you must tick ABC boxes to be a gender lens investor, as long as you have that intentionality and you're not pink washing, I think there's very many ways in which you can be one." (I. 1: A81-84) "we do use the empowerment principles quite often. And that's the framework that we use when we look at a company's HR policies and landscape, but that is one aspect." (I. 1: A102-104) "And that is, in my opinion, the platform that factors in the broadest amount of information right, and when I say amount of information I mean, all of these globally recognized practices: SDGs (...) again, IFCs, reporting practices, etc. And I think that's the one that will probably get the largest adoption.[...] So, I think that that's the key. That's the premious standard." (I. 2: B295-302) "Yeah, but I think in the end, what you really want to know, in an ideal world is: What is the impact that this company is having on the lives of women?" (I. 1: A211-213) "I'm not going to be happy when I see tons of women CEOs of listed companies, but those companies haven't thought about what are the power dynamics? What are the power structures within? So, if you just put a woman CEO to the top of an unchecked company, that doesn't mean nothing." (I. 1: A421-424) "So a lot of the same questions that you would ask the company itself, you would ask them, you need to ask these questions of your suppliers and everybody in your value chain. So not just you." (I. 1: A443-445) "A gender statement is also something that I don't think should be set in stone. It should also be fluid. I think that investment theses as well should be fluid because the environment in which you operate changes." (I. 2: B234-236) "I think it's probably both and. I think there's value in being almost this impartial outsider because there's things you see with clarity because you're not immersed in the context, right? But the value of being embedded is that you know what the works, you know the history, you know what matters to the organization." (I. 4: D164-167) "And I think my suspicion is that some of these like SDG, ESG frameworks have landed with more in the private sector, because they're framed in such technical ways that it kind of struck the politics of it a bit. [...] There is a savviness that is needed to still retain the politics, even with a very technical, rational, instrumental approach to it." (I. 4: D306-310) "And we once had a discussion and I asked the fund manager, the CEO: If there was only one aspect which is the most important one? And he told me it's women's rights. If they are improving they tend to enlarge their position in those countries, and if they tend to minimize and if there were some troubles, they tend to taking out their money." (I. 5: E107-111)
Category 5	About retail investors and GLI
Interviews	"It's critical, but they're late to the table. [...] I feel it's mostly because they've got lots of low hanging fruit that's already working and they feel it's additional work. But I guess if we look at the journey of ESG in investing, how long that took for

	people to buy it, we were expecting a similar journey with gender lens investing. So it's not a surprise that retail capital is late, but in my opinions it's late." (I. 3: C56-62) "And so I would say the easiest space to start with is investing in female fund managers, because they will then invest downstream and then you still get the impact that you want, right?" (I. 3: C76-78) "I definitely think investing in women fund manager is definitely a great place to start because it just creates some leverage, and they mostly are already looking through a lot of these lenses in their investments. But a second place is really the 2X definitions and pick your place." (I. 3: C204-207) "So, the beauty of the listed space is that there's so much information. We need to see more, I guess, standards and reporting on gender norms specifically, right." (I. 2: B101f.) "And some of the challenges are around the fact that companies don't often disclose, you know, or let me say organizations more broadly, they don't often disclose how they're paying people let alone how much they're paying people." (I. 4: D187-189) "If we can get that to more of a (...) to female perspective, so include different factors that are being assessed in a transparent manner. That's the only way that (...) that's the way that jumps into my head in terms of how we can make it more accessible to the retail investor." (I. 2: B105-108) "It could even have a body that does that independently and makes that information available to retail investors. I think that's a big step. I'm relatively sure there should be some nascent information like that. I don't know (...) like that information is probably there. It's just not readily available for me." (I. 2: B118-121) "I think the biggest hurdle currently is just accessible information. Because for the majority of retail investors, it's so difficult to find your way through the maze of information. [...] It's such an intimidating process for very many people, actually." (I. 1: A116-119) "And I think making that information available in an accessible way." (I. 1: A124) "It's not going to be enough to make it mandatory for businesses to, in their annual reports report, because retail investors aren't going to look up every company's annual reports. So that's not going to work. So you need to have some kind of interface or a platform. And actually, the brokers need to bring this in, in a meaningful way." (I. 1: A126-130) "But in these reports, I think if they are good reports, then you will find some information about it." (I. 5: E217f.) "The second aspect, which is now actually a completely different way of looking at this is how do you apply a gender lens to the support that you give to retail investors?" (I. 1: A131f.) "Also looking at taking a gender lens to financial planning, right so we know that women tend to earn much less than their male counterparts, and they tend to be much less financially independent, but then they also live much longer than their, often in a heteronormative world, male partners. So then then what do we do? So, applying that gender lens to providing that investment support is a different angle

	but I think that would also be very important. And I think, taking this a few steps further, that would lead to more women retail investors, actively, you know, feeling confident, and thinking about where they're directing their money, and that I think would also in the long-term lead to more demand for gender lens retail investment products." (I. 1: A134-142)
	"That's effectively where I see it gaining mass adoption by retail investors. Because as a retail investor, if you want broad based exposure, the only way that you have (...) you can get that with a limited budget is an ETF." (I. 2: B374-376)
	"Currently, there is no meaningful (...), not not even meaningful, there is no gender lens ETF available." (I. 1: A149f.)
	"I'm not aware right now of any fund that is focusing on that aspect. But they are quite innovative. So, I'm quite sure there will be one. Maybe there is already one, but I'm not aware of it." (I. 5: E219-221)
	"What I would recommend, the easiest way would be: follow the 2X criteria because those are, you know, despite the fact that we would want them to be more meaningful they are globally accepted and they do already direct your gaze to an extent (...) and then go for what is the information that already needs to be available about listed companies, like your board of directors, your ownership structure, etc. So, like (...) even trying to find information about you know, workforce composition, value chain, looking at the products that they offer, that's going to be so (...) like just more work, whereas finding information about the board of directors and the C suite that you can find on the website." (I. 1: A151-159)
	"Going back to some of the information that needs to be made available to retail investors, I think in the (...) because a big part of facilitating retail investment, is that investor education." (I. 1: A226-228)
	"The lack of financial literacy. And that has its roots in a very old educational system. It would be so important to get a basic information about how the connections between industry and financial system and everybody of us work. Nobody is (...) nobody knows it." (I. 5: E155-158)
	"Especially in the listed space, and this is a tension that we see all the time between (...) Oh, the 2X challenge is so, you know, is so vague, we want to have more specific criteria, but then also, you don't want to exclude a large part of your potential pipeline in the listed space. You don't want to set too strict of criterion because then you might just end up excluding all of your high performing companies." (I. 1: A241-246)
	"I mean, of course, you have like indirect effects because you increase the demand for the stock, which is good for the company. But then again, it's the (...) it's not somehow (...) the money doesn't go to the company." (I. 6: F81-83)
	"The main problem is that if you want to create impact it's mainly done in private companies. [...] However, this market is closed to retail investors for regulatory reasons." (I. 6: F193-196)
	"But then it's really hard to find a meaningful company which is listed on the stock market." (I. 6: F207f.)
	"I mean, the other thing is like if you want to take as a shareholder (...) like activism also works with voting rights. So, you could, for example, you could just pick your own stocks and then you could actually vote. But voting is quite tricky because you

	need to go to your bank and you need to fax your votes. Which is quite a cumbersome process and people don't really like to do that." (I. 6: F320-324) "If you say you invest in the worst companies and you want to change it, then it's hard to make yourself heard because voting is a tricky process." (I. 6: F335f.) "And then what he's saying - that's why I'm coming back to this voting idea - is that you need to have the votes as a lever to change corporate behavior." (I. 6: F373-375) "I guess as a retail investor you probably need to have your theory of change, like what is your impact, like why has your investment any impact in this space? Like, if you know this, then it's easier." (I. 6: F328-330) "I think a lot of people want to invest sustainably but I mention it a lot of times in my book, you have to be interested in the themes and you have to build your own opinion because the answers are not easy." (I. 5: E163-165)
Category 6	Regulation
Interviews	"So (1), I think is mobilizing. Regulators got some mobilizing power where they can bring together, you know, like retail investors and gender lens investors and see how we can have a lot more alliances and investments into gender lens funds, as (1). But (2), creating some level of stick, you know, giving them a little bit of, I'm in the back and say we have to do this. I think that's kind of worked in that ESG space in terms of like, requiring reporting, on what you're doing, how is contributing to safeguarding our environment and social good. So I think there is a space for some policies, at least, not stiff regulations, I'd say, some policies to be created that (1) provide guidelines, but also (2) encourage transparency so that there's a little bit of shame when you're not doing it." (I. 3: C86-94) "It's a big monster, right? Yeah. It's a big monster. I think that's where regulation can play a role, right? The same way, the same way there is reporting, you know, that's required from a financial perspective when it comes to listed companies. And I think that for a lot of the listed companies, there's recommendations around how they report their ESG. A similar layer could just be added for that, right. Yeah, it definitely would need a little bit of forcing because those machines are slightly tougher to move, right. And so, I think that's the place where regulation could play some role." (I. 3: C157-163) "In terms of having more transparency in how that team, the company is set up and showcasing this. I think that you need to have regulatory bodies, yes. But I think that this information needs to be made widely available." (I. 2: B108-111) "Triple B actually, it's broad based black economic empowerment. It's the South African version of affirmative action. Where you need to report if you're over a certain size and if you want to be able to do work with government, we want to get contracts from big companies you need to report on with (...) who are your suppliers and distributors. What are the numbers? How many of those are black? How many of those are women? How many of those are disabled? And you get points for that. So, I think that would be great if listed companies could do that also from a gen(...) I think actually, you should do that from an intersectional point of view. It's going to make them record more, make them report everything but definitely in a sex segregated way." (I. 1: A193-201) "And especially because we're talking listed companies, you're not going to know that that impact from the things that I listed just now. And you're not going to get

	them to do impact, like meaningful impact reports. So, I think that's a bit more tricky." (I. 1: A213-215) "So, I think if people aren't prompted to add that second layer of (...) of gender thinking it's not automatically going to happen, if that makes sense." (I. 1: A278f.) "The first thing is that Europe is somehow like the homebase for many funds. So, and then if you regulate like European fund industry, you have like a huge impact on how businesses are conducted globally. So, it is a good thing to happen." (I. 6: F117-120) "I mean, what I like about the Taxonomy is that it really adds a new level of non-financial data. So, I think the financial data is always fine. So, it's (...) this is something where we have like 200 years of experience, and you can just get them wherever and most of the data for free. But there's really not a lot of consistent data on the non-financial site. I think this really changing now." (I. 6: F265-269) "But if there's requirements for transparency from a financial perspective, I don't see why the same level of seriousness can be applied into that space." (I. 3: C166-168) "You could have like the best ESG data but still, you can pollute." (I. 6: F275) "You know, on the liquid side they have all the sustainability rating agencies, which sometimes really come to interesting conclusions but one and the same company receives a top position with agency A and a flop position with agency B because they don't have reliable standards right now." (I. 5: E184-187) "There need to be greater or better watchdogs, ensuring that it's played in the right way because the only way that you get to solving this problem is by bringing greater equity to get to equality." (I. 2: B164-166) "And I think that is the problem that we face in this space, balancing what is core to the business and its progression and what is needed for us to have a better holistic picture, image of the business in terms of all of these factors, including what we're talking about right now." (I. 2: B258-260) "Seeing where they're pushing this industry as a whole is pleasant. And I think that if we can get more people behind it and when we can enforce it more and there are big disadvantages for not being (...) for not meeting the regulations, that would be great." (I. 2: B347-350) "Especially the regulations start including factors like what we're talking about today. How long it is until we get there and how long it is until SFDR factors those (...) the correct factors in enough and how long it is until not meeting those requirements affects your business practices enough, I'm not sure how long. But those are the questions." (I. 2: B347-353) "You know, we have Article 8 and Article 9 products, but we have no exact definition. So, it seems like every fund company and fund manager has been sustainable for his whole life. Which definitely is not true. And yes, we have a big challenge regarding the risk of greenwashing and impact washing and social washing." (I. 5: E138-141) "It would be an ideal way you could find some information. They are forced by law to write those reports. So, we're moving but we are moving very slowly." (I. 5: E227f.)

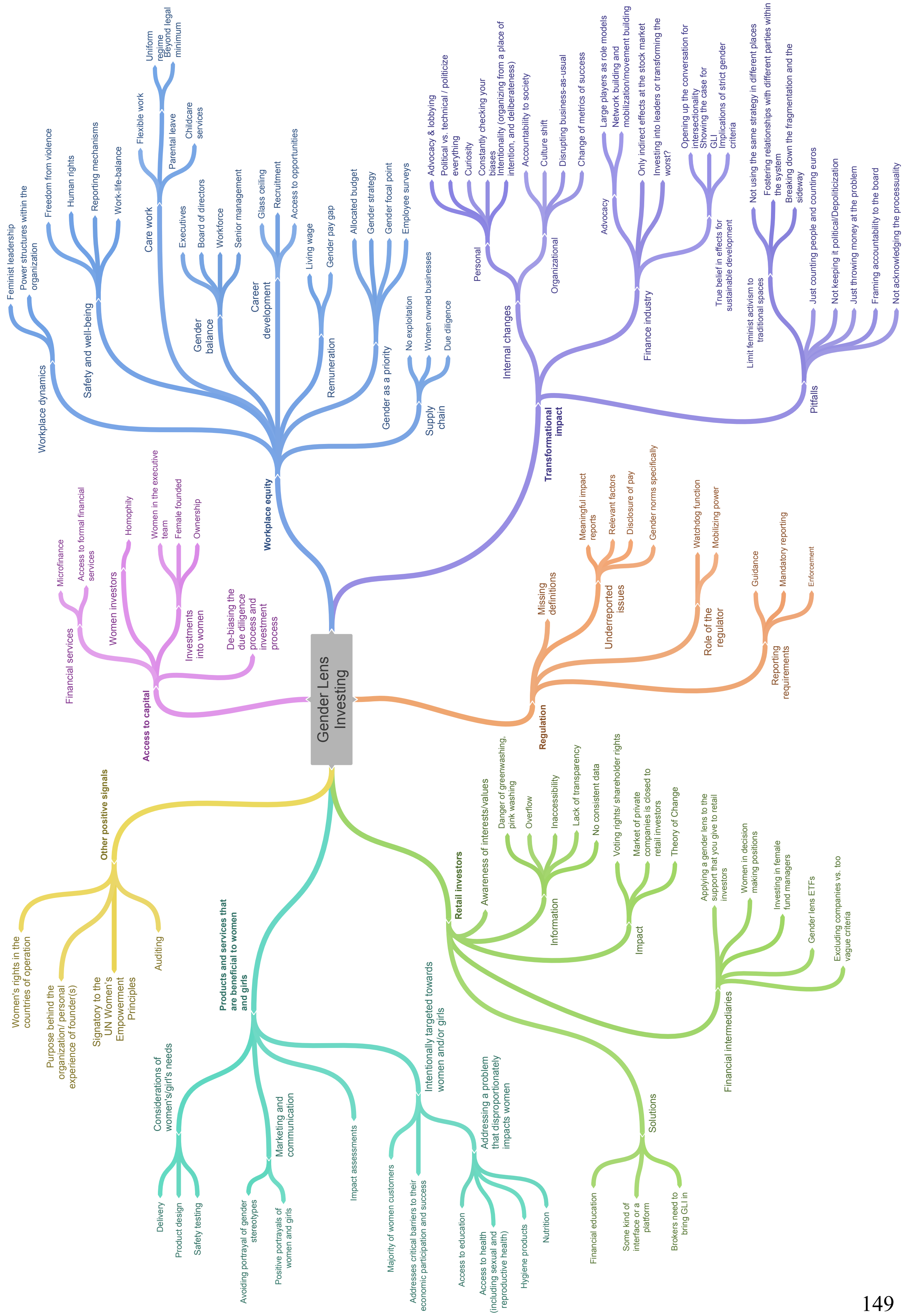
Category 7	Mainstreaming the Practice/ Transformational Impact
Interviews	"It's almost like a culture shift. So, if you started with things, the little bits and pieces of it internally, you get a lot more conscious about them, what you're doing, how you're recruiting. You know, how you are promoting and developing your teams, all of that stuff, changes with." (I. 3: C108-111) "So, I focus a lot on like the inner life of my consulting practice, my own inner life, the inner life, because how I organize shapes what I will do in the world, right, and if I don't organize from a place of intention, and deliberateness, what then happens is that I end up perpetuating cycles of inequality and oppression, even harmful practices, that maybe aren't even aligned to what I need, but I'm doing them because this is how business is done. So, I disrupt business as usual as much as I can, in the way that I practice as a consultant and as a feminist because I'm so keenly aware of how business as usual masks all these, really, things that have become are really not normal at all. So, it helps me to bring a fresh curiosity to everything that I do" (I. 4: D136-143) "But also, you know, its cultural, its political. And so how do we not just throw money at the problem, but really believe in it, right. Really believe that this is something that needs to be done because it makes things better at both a return perspective, but also like really. I do personally believe a lot more investment into women has cascading effects on development at the wider scale, and a lot more sustainable development right. And so, making it feel real to them at all these levels is critical. Not just like, let's throw money at the problem and hope it goes away. But let's really play to it." (I. 3: C115-122) "So why do we use certain things to create these inequalities and hierarchies that then like reinforced classism in a way that we organize? So yeah, it helps me to bring so much curiosity into everything that I do. Yeah, and to be really present in it to observe how the small things that I do in my practice, in my work with others, how we can either reinforce what currently exists, or it can shift and start transforming those things." (I. 4: D152-156) "Those are the decisions that people make, you know, am I going to be political about my grantmaking or am I going to leave it in the realm of the technical and just, you know, this is the standard, this is what I expect, it is what it is." (I. 4: D265-267) "the biggest problem, there is not enough standardization. And what that means is that you can't benchmark. And if you can't benchmark how good are you really?" (I. 2: B271f.) "The first is just to continue reporting on the data that shows that gender lens investing is good." (I. 1: A360-362) "So very similar to what has been happening in impact investing more generally, where people actually say, look, this isn't just something that we do because it's fluffy, and it makes us feel good. This actually affects your return. So more of that, I think. But beyond that, I think what is necessary is for very large players to change the way in which they, they do their work." (I. 1: A369-373) "If you know, there's a few companies that go really deep, and a large amount of companies that all of a sudden say oh we're gender lens investing but actually they are pink washing I don't think that's the worst thing ever. Because that's already an

	improvement from where they were before where they didn't even try to wash." (I. 1: A406-409) "I think, definitely, gender lens investing can have a transformational impact on the economy because it literally informs who gets capital and who is supported in their growth and can therefore have more impact on families and consumers. For that to happen, we need to be intentional and actually look at the power dynamics and not just counting people and counting euros. That being said, it is okay if we have a few shades of grey in between where we are now where we want to go. Because it is a process." (I. 1: A427-432) "I think with a position of power comes the responsibility to use that power well, so that means that large businesses need to (...) can and should dictate working conditions to the people that sell to them." (I. 1: A452-454) "Accountability is one of the trickiest things, both in philanthropy and in these companies. Because a lot of the times accountability is framed as to the board, right, and it's not an accountability to society, it's not an accountability to the communities you're rooted in." (I. 4: D300-302) "I've never met anyone who said that they're doing gender lens investing. I've met (...) I mean of course, I'm reading like the American publications, and some of them were saying like gender lens is the new big thing. But then again, I've never met anyone who's actually doing it." (I. 6: F41-44) "let's say you're only allowed in companies which are 50% female board members, which is a good thing. But then again, like what are the consequences of this and how do you get there, what are the implications?" (I. 6: F139-141) "but then again, like, if you look at this gender activist approaches, would you buy 5% of the stock just to change the gender policy? Like they are rather trying to work on, like, other let's say more pressing topics." (I. 6: F178-180) "And then it starts to feel to people like you will never be satisfied. And that the problem is too big to even start working on, right. So, I think that it opens up the conversation to start building in a lot of responsibility and conversation around other minority groups. So yeah. So, I don't think it's an either or I think it's a yes and." (I. 3: C132-136) "I do think it's achievable. I think that the metrics that we use to assess success will probably have to change, right." (I. 2: B413f.) "And I think that if that progress is what we measure ourselves on then I think that that is a positive step. Whether it is good enough, I don't know. But a positive, yes." (I. 2: B422f.) "There's enough talk and let's just start putting our money where our mouths are." (I. 3: C210f.) "Yes, for sure but they have to move. It's a first step, and I'm quite happy that we did the first step, at least. But there will be a lot of trial and error. There will be a lot of trials to do pink and green washing. Yeah, but it's better than nothing." (I. 5: E246-248) "I'll go through one of the things that I've noticed is (...) it kind of speaks specifically to feminist activism (...) is that there are certain places that are kind of more common for that kind of activism and other places that we leave out to our detriment. So, for example, a lot of feminists work with civil society, with research

	institutions, for example, right, and there's nothing wrong with that, but a lot of the times the activist work within companies, right, within investment, for example, within all these places that are not as common, it's tricky work. Because people who are in those spaces, what I've heard from them is that, you know, either (...) within feminist spaces, they feel like a sellout because they're not in the traditional spaces. And then within investment spaces, they are obviously quite out of place, right? Because of the politics that informs their work. And so there's this find that exists in the space but I think what is useful is we see more and more feminists declare their politics within these spaces and support organizations towards these efforts. And it comes with a range of dynamics to act internally and externally." (I. 4: D286-298) "But the real politics that get the work going is often where people get stuck. Especially from an internal advocacy, lobbying kind of lens. And it is tough, I mean, it is so tough to hold companies accountable. What I've seen is a lot of feminists do network building and mobilization around particular things like tax, for example, or macroeconomic policy around (...) and recently around, like the internet rights, around Internet governance and stuff. So, this approach to kind of supporting accountability and lobbying actors through network building and movement building, I think is a critical approach." (I. 4: D312-319) "Like movement building is part of the systems change landscape because that's the place where people refuel, get new insights, you know, and strategies around how do we support the work whether you're inside the institution or working outside of it." (I. 4: D331-334) "So, I think just in general, we're in a time where accountability is even harder and harder. And the way organizations operate is becoming even more opaque and even more complex. Yeah, and I think that does demand of us to really re-strategize and find new forms of accountability for corporates, for organizations, for governments." (I. 4: D341-345) "Especially in spaces where people have some form of politics, whether it's politics around diversity, equity inclusion, whether it's politics around feminism, whether it's politics around transforming with empathy, transforming investment, there oftentimes are these support networks that then pick out the spaces for people to refresh, re-strategize and go back in fighting their fights." (I. 4: D357-361) "I definitely believe they can learn from each other. I think the most obvious things that I think professionals or non-professionals working within like the gender lens investing landscape could learn from feminist movements, there's definitely things around like movement building. Like don't try to do the work alone. Because you will get tired especially if your efforts are not commonplace in your organization. Like they're not the mainstream. If you're the pioneer, the trailblazer, the person who's coming up with it, it's gonna be tough." (I. 4: D366-371) "And I think number two is around how feminist analysis helps us to politicize everything. Everything is political. Every single thing is political. And I think that lens helps us to bring curiosity to why do we do things the way we do them in our organization? Why is such a thing seen as important? Why aren't they? You know, and as someone in that organization, then your role is how do we champion the things that are marginalized and are on the periphery as a form of justice? I think also there's, there's such an interesting like, strategic kind of focus and thrust almost to both professionals and non-professionals in the investment space that feminist bring, you know, but that strategicness is different, in the sense that for feminists

	it's informed by politics, right? But for investment professionals, and non-professionals it may be a range of things, right. Maybe they're reading the landscape, and they're like, this is the opportunity this is an untapped market, right? This is the potential. And so, I think both of them can learn from each other in terms of the different expressions of being strategic, the different expressions around tactics and approaches in different organizational spaces." (I. 4: D373-385) "Because I think one of the traps I fell into very early on into my journey of activism - and I guess I'm still very early on into it - is sometimes you can fall into the trap of using the same strategy in different places. But I don't think that's wise because have you read the context? Do you understand what the dynamics are in the space you're going in? And based on that reading, you know, how to enter that space." (I. 4: D386-390) "I will say one thing that systems change has taught me, as field of study, is that no one is outside of the bounds of your activism." (I. 4: D407f.) "So, a lot of the times in our work, there are like good guys and bad guys, there's a mental model around good guys, and bad guys. There are like these people, you will partner with because they're aligned to your vision. And there are these people that you will not engage with because they're perpetuating injustice in a range of ways. What I'm starting to understand through systems change, right, is you need to foster relationships with different parties within the system, because all of us are contributing to the system in a range of ways. So, if one were the most critical thing in a system is the relationships between people. If we fragment ourselves in our good corner, right, we miss all the opportunities to build connections, unlikely partnerships, and this is a lot of the DGMT language as well, that helps you to catalyze possibilities, you know." (I. 4: D408-417) "So, we need to remember that organizations, institutions are made up of people and start cultivating not only those relationships, but our ability to see each other in the landscape because that breaking down the fragmentation and the sideway really then creates a lot more possibility and our work." (I. 4: D421-424)

Appendix C: Thematic Map on Gender Lens Investing (K.H.)



Appendix D: Interview Transcripts

Interview Transcript: Interview 1 (A)

Research project:	Investing with Impact: The Case of Gender Lens Investing for Non-Professional Investors
Date:	08/02/2022
Time:	10am
Duration:	1 hour
Place:	Cape Town, South Africa

<u>**K.H.:**</u> Do you know if it's recording if I'm going into another app? I've got my questions here. Cool, perfect. Yeah, so I thought we were to start off with you telling me a bit about your work at [organization]; what you do, what it is all about.

<u>**I. 1:**</u> Yes! Okay! Yeah, so let's look at [organization] first. We are a global gender advisory firm. Basically, we're development consultants, we've got a consulting model where we bid for projects and we get paid for our time, right? Everything that we do (...) We are a social enterprise, so we do make a profit, but all of that goes back into the business. And everything that we do, it sounds a bit cliché-but that's for a reason-everything that we do is to help our various clients to apply a gender lens to whatever it is that they do. And the reason I say whatever it is that they do is our starting point is always that gender inclusion needs to be something that's integrated with your organizational objectives and business objectives. And not a tick box exercise. So, it's not something separate that you have as a tick box exercise, but it's integrated with your work. So, we always take as a starting point, what are your objectives anyway, either as a business or as an accelerator or as a foundation? What are your current challenges and objectives? How do we, how can we help you get there while also applying a gender lens. So a lot of the work to be done is with investors so we help them develop gender lens investing strategies, we help them look at their processes and say how can we de-bias your due diligence process and your investment process? We've also worked with many companies directly to provide technical assistance to them. So often, it'll be the investor that hires us to do that. So they pay but then their portfolio of investors would be helped to apply a gender lens to their businesses. We've also done some research, landscaping study, strategy development work and training on various topics. So, for example, some of my colleagues are doing training for one of the European development banks with their fund managers to actually say how can you within a fund apply a gender lens? But we've also done training. I'm working on a project where we're working with a global network of business advisors and we are giving them training and after they give advice to businesses.

<u>**K.H.:**</u> Like "train the trainers".

<u>**I. 1:**</u> Exactly. So, it varies, we also give training to start ups. So it's very, it's very diverse. Yeah, and we do that all over the world focusing mostly on emerging markets. Our team is fully global. So I'm one of three in South Africa, but there's a big team in Latin America, the rest of Sub Saharan Africa and Southeast Asia. Yeah, and my role is I'm a portfolio lead because I oversee a number of the projects that we do at the same time. Yeah, that's me.

K.H.: Yeah. And I think I got the perfect interview partner. It really sounds like do are the global organization for gender lens investing.

I. 1: Yes, we like to think so. We like to think so.

K.H.: So, for this concept of gender lens investing and adopting a gender lens. How do you understand it? Or how, like, what do you - at [organization] or even you personally - think of it and how do you grab it?

I. 1: Okay. So there's a couple of layers to that. So, the first is our definition of gender lens investing is applying intentionally (...) intentionally incorporating gender factors into investment decisions and processes in order to improve both business and social outcomes. So, a few things are important there. The intentionality piece. So, it's not enough to say, oh, we happen to invest in companies that serve many women customers, you need to be intentional about it. And the second one is the focus on both business and social impact so we're not giving charity, gender lens investing is still very much a commercial undertaking.

K.H.: Yeah.

I. 1: So that's the definition that we use. Then, I think another definition that's linked to that is what is a gender forward business. And that you see as a business that, again, intentionally tries to contribute to gender equality or close gender gaps in their business through either providing products or services that specifically mean to close gender gaps, focusing internally on HR and your workforce, providing an inclusive workspace or by looking at your value chain and how, you know, [do you send the suppliers returns and how you can improve that]. I think that's a good basis. And I think I'm, yeah, I'm sure you would have picked up that the definition of a gender forward business aligns very closely to the 2X Challenge. And so (...)

K.H.: Yeah, yeah.

I. 1: So, on the 2X Challenge, I think it's an interesting one because it's sort of the global standard of what it means to be a gender lens investor. And it's a globally recognized set of criteria, so I'm 2x-aligned so I am a gender lens investment as a business. But really the 2X Challenge we think should be seen as the floor, not the ceiling. So really the starting point.

K.H.: Yeah.

I. 1: And you can and you should actually go much deeper than that. So I think that's what (...) Yeah, I think whenever we work with an investor and they say, okay, we want to try and figure this out, we guide them through these definitions in the 2X Challenge criteria to say okay, so these are, you know, these are the commonly accepted parameters, but you need to identify within that what that means for you, and that can take a variety of shapes and sizes. And I don't think we're very prescriptive in what exactly that means. I mean, this, whatever way makes sense to you as an investor in your context and also looking at what the rest of your investment thesis is - 'cause it won't only just be gender inclusion for gender inclusion say, right, that's going to be too broad. So, are you focusing on Team energy, are you focusing on the bottom of the pyramid? etc. And then within that, there are I think three entry points, that we see that an investor (...) So once they've established, what does gender inclusion mean for them, and what are their criteria, then as an investor again, you can look at do we focus on, you know, allocating more money to gender forward businesses - so what's the definition and where does the money go to - but it might also mean focusing on your internal environment again, as an investor, to make sure that you actually bring more women into decision making positions, etc. So without even looking per se at who are we investing in, but who is making the investment decision. And then thirdly, also looking at beyond just the criteria that you said are part of your investment thesis, what is your (...) what are your processes? So literally, what are the points on your due diligence process? Do you ask people to pitch or what kind of information do you require from them? So those are the three starting points. That really is sort of the main view through which you can start figuring out as an investor what makes sense for you. And then I think there isn't really a wrong - no, there are wrong ways to go about it - but it's not to say that you must tick ABC boxes to be a gender lens investor, as long as you have that intentionality and you're not pink washing, I think there's very many ways in which you can be one. Does that answer your question?

K.H.: Yes, it does. And since you mentioned the 2X challenge, are there like other global standards or even local ones that sort of complement these criteria or that you look at and say okay, if you want to go further look at this or to some guideline that you would value as being like not pink washing but true gender lens investing?

I. 1: Good question. I don't (...) not that I know of. I'm not gonna say it isn't there. I think it's just that I'm not aware.

K.H.: Okay.

I. 1: I think (...) no, no, not that I know. Although, the 2X challenge is currently working on deepening their understanding and their criteria so that it becomes a bit more meaningful to us, but no, I'm not aware of any other such big standard.

K.H.: Yeah. What about the women empowerment principles? Are they (...)?

I. 1: Yes, but those (...) So those would focus specifically on - if I remember correctly, it's been a while since I worked with them -, but if I remember correctly, they focus more on your internal staff, right. So that would be an aspect of the 2X Challenge. It would be a way to give more meat to [what is said to your workforce scattered].

K.H.: Yeah.

I. 1: So we do use the empowerment principles quite often. And that's the framework that we use when we look at a company's HR policies and landscape, but that is one aspect.

K.H.: The internal one (...)

I. 1: Yeah.

K.H.: And so speaking of retail investors (...) because you say you work with companies and I assume institutional investors who want to do their portfolios accordingly. When we talk about retail investors, what do you think are hurdles or also potentials for them to also adopt a gender lens?

I. 1: Our work doesn't deal with retail investors per se. I think it's (...) it's probably due to (...) you know, retail investors, usually, they interface with the really large financial houses that (...) through which they do their work. And so I don't think those would be (...) would look towards us as a social enterprise, as development consultants to do that. Right. So I think that's a bit more from our (...) I think that's not right. I think that there's a lot of scope there, but (...) So, our work hasn't really focused on them much. I think the biggest hurdle currently is just accessible information. Because for the majority of retail investors, it's so difficult to find your way through the maze of information. And anyway, investing is such a (...) what's the word? It's such an intimidating process for very many people, actually. So you're already at the first hurdle. Actually, it's just the retail investor needs to get started like finished. And beyond that, then now tell them okay, you need to go do your homework, etc. People don't know where to start. They don't know (...) the majority of people don't know that much about how finance and investing works. So that's the first hurdle.

And I think making that information available in an accessible way. I don't think for retail investors (...) for their money to, at a meaningful scale, be moved into (...) with a gender lens - regardless of what that definition of a gender lens is -, it's not going to be enough to make it mandatory for businesses to, in their annual reports report, because retail investors aren't going to look up every company's annual reports. So that's not going to work. So you need to have some kind of interface or a platform. And actually, the brokers need to bring this in, in a meaningful way. So I think that that's one aspect.

The second aspect, which is now actually a completely different way of looking at this is how do you apply a gender lens to the support that you give to retail investors? So becoming aware of the different (...) you know, needs and challenges that women investors, retail investors are faced with compared to their male counterparts. What are the (...) also looking at taking a gender lens to financial planning, right so we know that women tend to earn much less than their male counterparts, and they tend to be much less financially independent, but then they also live much longer than their, often in a heteronormative world, male partners. So then then what do we do? So, applying that gender lens to providing that investment support is a different angle but I think that would also be very important. And I think, taking this a few steps further, that would lead to more women retail investors, actively, you know, feeling confident, and thinking about where they're directing their money, and that I think would also in the long-term lead to more demand for gender lens retail investment products.

<u>**K.H.:**</u> I totally agree. (...) But taking the status quo and if a retail investor was to (...) to already have this demand of applying a gender lens, how could they go about it? Is it really through the sustainability reports of every company because every now and then you find some information in there or (...) some sort of list that they can follow where truly gender conscious companies are listed or how could they go about it? Do you know any way?

<u>**I. 1:**</u> What I would do and I've decided I'm lazy. I've chosen my ETFs or (...) based on a few criteria that are important to me. Currently, there is no meaningful (...), not not even meaningful, there is no gender lens ETF available. So I've decided for now I'm parking this because I don't have the time. But what I would do is (..) I think (...) or what I would recommend, the easiest way would be: follow the 2X criteria because those are, you know, despite the fact that we would want them to be more meaningful they are globally accepted and they do already direct your gaze to an extent (...) and then go for what is the information that already needs to be available about listed companies, like your board of directors, your ownership structure, etc. So, like (...) even trying to find information about you know, workforce composition, value chain, looking at the products that they offer, that's going to be so (...) like just more work, whereas finding information about the board of directors and the C suite that you can find on the website.

<u>**K.H.:**</u> So, the board of the directors and C suite.

<u>**I. 1:**</u> Yeah. So I would start there and just go through all of the listed companies. And I think there are there are lists available. These are the listed companies in this stock exchange that have women in leadership. So yeah, that that would be my starting point. Just because we need to be realistic about the amount of research that people are going to put in their individual investments. I'm not saying that that's the (...) that's what it should look like, but (...) you know (...).

K.H.: Yeah, let's talk about how it should look like for a while because I also read through a lot of articles about gender lens investing and one big critique is that it always ends or stops at this counting women exercise and counting women in leadership. So if we were to build a framework that really accounts for gender, lived experiences, and yeah, everything that comes with it, what would you say are those criteria? Could you even pin them down in a non numerical way or numerical (...) I don't know, like, what would be like the dream framework to look at it.

I. 1: Again, I'm trying to balance you know, all the meaningful information that we want to have and what would be realistic. (...) you know, things that (...) okay, let's say things that are a bit more realistic. I'd want to know, does this company have a gender strategy in place? And are there allocated budgets to thinking about gender in their internal processes? You know, what do they (...) do they have a gender wage gap? Do they review that on an annual basis and take charge? Do they have a gender focal point? And if they have a gender focal point, where does that gender focal point sit? Right? Does it sit within (...) do they sit within HR or do they sit within the CEOs office basically.

And yeah, I would look at things like HR policies that they have in place, maternity leave beyond the minimum national standard, paternity leave beyond the minimum national standard, flexible work. Also to an extent (...) and I think if these are listed companies, this is probably something that you could do although I think they'd be hesitant because there's a lot of toxic cultures there. But it would be super interesting if these companies were to do annual employee surveys in a big segregated space. You could see to what extent do women that glue on the floor feel like they have access to promotion opportunities, etc. And is there a difference for how their male counterparts feel about that?

Yeah, and then on a value chain point of view, they should make available and actually I think the South African example is interesting there where (...) I'm not sure if it's (...) most listed companies do but definitely if you do work with government, you need to have what is called a BEE score, are you aware? Triple B actually, it's broad based black economic empowerment. It's the South African version of affirmative action. Where you need to report if you're over a certain size and if you want to be able to do work with government, we want to get contracts from big companies you need to report on with (...) who are your suppliers and distributors. What are the numbers? How many of those are black? How many of those are women? How many of those are disabled? And you get points for that. So, I think that would be great if listed companies could do that also from a gen(...) I think actually, you should do that from an intersectional point of view. It's going to make them record more, make them report everything but definitely in a sex segregated way. Just what is the ownership structure of those from which you thought and then to look at that (...) What I think can be really meaningful but which is a bit more tricky, I think, to measure unless, you know, the company does really well is how do you engage with women as customers? Because and that's the one criterion of the 2X challenge that I think is the most vague because it's so (...) there's so many companies that say we're 2X compliant just because they say we provide products or services that disproportionately benefit women. And there's no objective way to test that really.

So I think what I would want to know are things like (...) Well, firstly, do you track how many men and women do you have? Do you have sex disaggregated data on your customers? And do you do sex disaggregated market research? So I think there's a few actions that you could count from a company to see if they've got that in place. Yeah, but I think in the end, what you really want to know, in an ideal world is: What is the impact that this company is having on the lives of women? And especially because we're talking listed companies, you're not going to know that that impact from the things that I listed just now. And you're not going to get them to do impact, like meaningful impact reports. So I think that's a bit more tricky.

<u>K.H.:</u> BEE? Yeah, yeah. So right now, gender lens investing is also more in the private equity side of things or (...)

<u>I. 1:</u> From my perspective, but I think that's, that's limited to the bias of where I stand. And (...).

<u>K.H.:</u> No, I think it's also what literature (...) I find very few articles about listed companies in any case, because they say, it's even harder to measure the impact since you're also not putting directly your money into the companies but rather buying the stocks from somebody else etc. So it's a very indirect effect. Yeah, but I think like just from my viewpoint it's also important when you invest in this kind of field that you also consider gender criteria. So yeah (...)

<u>I. 1:</u> Yeah. And I think actually going back to some of the information that needs to be made available to retail investors, I think in the (...) because a big part of facilitating retail investment, is that investor education. And I think what could potentially make a difference is to actually in your mainstream investor education, you know, what to look out for, to bring out that data that shows that more diversity in leadership tends to lead to more sustainable companies, more innovative decision making, so all of the things that are good for your investment in the long run, so that investors know that this is something to look out for and bring it into the (...) Don't just position it as if (...) if they do if you care about women there, this is what you should look out for but actually saying that if care about the performance of your money, this is something you should take into consideration.

<u>K.H.:</u> Actually, just from interviews with potential customers or friends also, there's really a feeling that sustainable companies are more risky to invest in. I don't know where this comes from, because science actually tells the opposite.

<u>I. 1</u>: Yeah, exactly.

<u>K.H.</u>: But yeah (...) you're right, the education part is super important.

<u>I. 1:</u> And I do think that's one risk, though. Within the I think, especially in the listed space, and this is a tension that we see all the time between (...) Oh, the 2X challenge is so, you know, is so vague, we want to have more specific criteria, but then also, you don't want to exclude a large part of your potential pipeline in the listed space. You don't want to set too strict of criterion because then you might just end up excluding all of your high performing companies. And then if you compare, you know, your top 40, your top 40 companies with the people that now fall within this bucket, then it's like, okay, I'll be dumb to put my money there. And so that's also something you need to (...) Have you looked in your research at all what the effects of governments making it mandatory to report on certain things, because that's something you see more and more often, especially in European countries.

<u>K.H.:</u> Yeah, that's also one thing I want to talk to you about because I haven't seen like the effects of it, but a lot of the research is discussing those mandatory reports and a lot of yeah (...) in academia, they also call for it and civil society as well. So within the European Union, there's now the process of establishing an EU taxonomy. So set of criteria. This is sustainable, this isn't, but it's really just in the beginnings, and also the social part is somehow (...) not left out, but like, yeah, let's focus on the ecological side of things first. So yeah, I'm curious to see what's coming there.

But do you think those mandatory reportings are the way to go and what is happening in South Africa on that side is it's basically covered with the the BEE score or?

I. 1: Yeah, so a lot of our reporting is, is covered into the BEE. What's interesting, though, in South Africa, is, I think (...) what was interesting actually is I recently did a piece of research for [organization] where we interviewed a lot of accelerators intermediaries in South Africa, and we asked them what do you do specifically to cater to women entrepreneurs in your program? A lot of them get hired by logical grids and to put up a supplier development program so like Woolies will be like, oh, I need (...) I've got some CSR money, I want to have a program that trains women tailors so that my clothes come from them. So a lot of the accelerators that we spoke to said, yeah, we've got a gender lens on every program that we do, because our programs we are hired to put these programs together in order to improve the triple BEE score of our customers.

K.H.: Uh huh.

I. 1: But when you then ask them: okay, cool, so then what does that mean? What do you put in place? There's nothing. Because (...) Well, not nothing sorry, that's a bit harsh, but there's not a lot of very practical things. Because (...) the way (...) the focus on a BEE is the racial dimension not the gender dimension. So you can get points. You can get extra points for focusing on women, but mostly, it's the gender dimension - sorry, the racial dimension that's important, so that tends to overshadow the gender considerations. And ultimately, there's no difference between you got a good BEE score because you included women or you got a good BEE score because you included black people. So, I think if people aren't prompted to add that second layer of (...) of gender thinking it's not automatically going to happen, if that makes sense.

K.H.: Yeah. So do you know what exactly is on gender in that score?

I. 1: I just want to check if you are good on your recording if you ask me the next question.

K.H.: It shows the (...) yes, 28. I think I'm just gonna start a new one.

K.H.: Sorry. Thanks again for this. I was saying yeah, (...) about the gender lens. So what do they have in there, is it just (...) just this how many women or?

I. 1: Yeah, usually so this is now accelerators and incubators, not investors. But usually what we see is they've got a target for how many women need to be in the program. Some of them quite ambitious, right? Some of them say 70% of participants need to be women.

K.H.: Is it, even more than 50?

I. 1: Yes, however, sometimes they are in a sector that's anyway quite women dominated so in the food space or in the fashion space so (...) I mean, I sometimes think that they talk a big game by saying, Oh, we target 70% women, but even if you didn't have the target, you get to that anyway because of the sector that you're in. But that's on the side. Usually that's the only thing that they do. And they don't then have (...) they don't apply a gender lens to any of the other steps that they take. So they don't look at what's our (...) what's our communications approach, even. How do we make sure that we reach enough women with our marketing? What's our selection process? Is there the potential of bias in any of these steps that we take? What is the you know, (...) what are the training components that we do? What are the topics that we give? Also scheduling, like, when are we scheduling our training sessions? Is it in the evening, is that going to be difficult for women that have children maybe? So that often is (...) is left out. So it's the targets and they report yes, we met our target at a very high level.

K.H.: A long way to go.

I. 1: Yeah.

K.H.: Yeah, you mentioned earlier, especially with the B triple E score, that intersectionality is also very important. Race and Gender and maybe even other dimensions. So do you think that's also the future of gender lens investing to also include these dimensions? Or, like how can a gender lens investor or even a retail gender lens investor somehow account for those inequalities?

I. 1: So I think there's a very big difference between what can, you know, private equity gender lens investors do and what can retail gender lens investors do? There's a very big difference. So I think in in all of my answers, I think you'll hear that I'm a bit more like, that's too complex. That really is because (...) I know you're focusing on retail investors, right. I think there's a lot that individual PE investors can do. There's some, I think, you know, innovative. Okay, so I'm sorry, first, let's say it all starts with your data frame and your indicators and being clever about that. I think there's some innovative social enterprises that are being set up that actually developed the software to reduce the reporting burden that investors can use and then they're, you know, their investees can use to report on this. There is some work that's happening there. I wouldn't say super widespread yet. But I think in the (...) especially in the impact investing space, more and more, that's something that you're seeing and I think more and more we're seeing VC and PE funds obviously, it's small compared to the rest of the landscape, but we've seen more and more of them being set up where they say quite explicitly, we want to have women in decision making positions in our fund. And we want to explicitly make sure that we also fund queer entrepreneurs so you're seeing that (...) that is PE and VC. That's not retail investors. I think (...) I don't know that's a tricky one. Because even if you wanted to say you need to report on these things, that's (...) I don't know if I'd be comfortable to make reporting on disabilities or other minorities of sexual orientation. I don't think I'd be comfortable making it mandatory to report on that. Because that assumes that all of these companies, listed companies, large corporates have sufficiently welcoming and inclusive cultures that people would be comfortable listing this. And I think there are a lot of very, very many individuals and corporate spaces that have invisible disabilities or that you know, are upfronting as heterosexual, while they‘re actually queer, because that feels more safe.

K.H.: Yeah.

I. 1: And I wouldn't, yeah, I wouldn't be comfortable making that mandatory because that sounds very risky for the individuals. That would be, you know, in an ideal world, that would be the first step that I'd suggest to say for retail investors. How can we make this more accessible. Yeah, that would be the first starting point. But it's sensitive information. So (...)

K.H.: No, you're right. I just yesterday I read an article about how it is unsafe rather unsafe and for this process to develop, the authors recommended to also include women's organizations and help the companies make those processes safer. And so yeah, (...)

I. 1: So what you could maybe do is count is tracking count processes. So have they done a (...) I don't know. I don't know if this is something (...) as a company, have I ever done an intersectional audit for example. So to not just look at differences in promotion and retention on a gender spectrum, but maybe on a more intersectional spectrum. The risk there is that it becomes a bit of a tick box exercise and you're incentivizing listed companies to annually say okay, we're gonna hire someone for the annual to our intersection or workshops, and people will show up and they don't want to be there. But then at the end of it, they can say in the report, we did it (...) that would be a suboptimal with that that's something you could look at.

<u>K.H.:</u> Yeah. One other question I had was, generally speaking, what's needed for the mainstreaming of gender lens investing since it is a rather small proportion right now.

<u>I. 1:</u> I think two things (...) I know, let me first ask you a question. When you say mainstreaming, what do you mean mainstreaming? In what context?

<u>K.H.:</u> I put it vague because I wanted it to be open. It can be anything from more VCs, more private equity firms, including it but also more retail investors, government, regulators. Yeah, what are the factors or forces that can just mainstream the practice because just picking up the status quo not everybody is applying a gender lens in their investment practices. So what are the steps to go?

<u>I. 1:</u> So that's difficult and that's what we‘re working towards. That I think it's gonna keep us in business for a long time still. I think there are three things that I can think about. The first is just to continue reporting on the data that shows that gender lens investing is good. And there's a lot of that that's already happening. Have you have you looked at Project Sage, for example?

<u>K.H.:</u> I think it rings a bell, but I have to look it up again. But sage (...), so there's something I'm sure.

<u>I. 1:</u> You've come across it. Yeah. Because they're the leading database of gender lens investing globally. So they recently released their latest updates.

<u>K.H.:</u> Okay.

<u>I. 1:</u> The project sage is a big player in that space. So very similar to what has been happening in impact investing more generally, where people actually say, look, this isn't just something that we do because it's fluffy, and it makes us feel good. This actually affects your return. So more of that, I think. But beyond that, I think what is necessary is for very large players to change the way in which they, they do their work. Two examples specifically, I think, really large (...) very large institutions that actually direct large amounts of money, I‘m thinking like the pension funds, very difficult because they're very conservative. So that's gonna be a struggle, but ideally, that's what you need, like your pension funds, your large development banks. The problem with focusing too much on the development banks is that your commercial investors see them as those are the impact guys, we‘re in the pure finance. So that would be an ideal or actually, you know, if someone can focus some really strong advocacy and influencing work on some of the biggest private investors, you know, Wall Street guys basically, of the world and say you guys are going to be the pioneers in this in this aspect. If they really set the new industry standard. Yeah, that that's gonna be tricky, but I think that will make a difference. And then thirdly, this is a bit more of a longer horizon but to look at university and actually how do we teach investing? How do we think about (...) Yeah, I mean, how do we think about fiduciary duty for example, how do what is sort of like your investing basics that you look at and like you think about what makes a good investment and to focus on making sure that a gender lens is part of that for the next generation, I think. It‘s a bit longer term.

<u>K.H.:</u> No, but I like that idea.

I. 1: And I think that might have (...) I mean, I think we're currently in a space where we're seeing a lot of people, a lot of the older generation exiting the workforce, and I think that the younger generation, there is a more criticism, there is as a critical mass, I think of them that they would be susceptible to the idea of thinking of allocating funding. So I think that that's something that wouldn't make the biggest difference immediately, but that (...)

K.H.: In the long term, yeah. So like moving from this triangle from risk return and what is it liquidity to just add the impact aspect of it right? And then just can be anything from gender to the environment, (...) yeah. (...) So two thoughts I still had in mind. First of all, it was about the transformational potential of gender lens investing. Since you mentioned there's happening a lot of pink washing and everything is maybe still at the surface and some go deeper, some don't. Do you think gender lens investing as a practice does have a transformational potential and can actually also, in a broader sense, somehow shift the way business is done. The way the economy accounts for what is prosperity? What isn't? Like maybe you can elaborate a bit more on that?

I. 1: I definitely think so. I think to the better point on pink washing. I think I'm pretty (...) I think I'm quite pragmatic in how I think about pink washing (...). Obviously, in the work that I do directly, I'm not going to do a project and help you potentially pink wash. That's not what I'm doing. But on a more (...) on a wider scale. If you know, there's a few companies that go really deep, and a large amount of companies that all of a sudden say oh we're gender lens investing but actually they are pink washing I don't think that's the worst thing ever. Because that's already an improvement from where they were before where they didn't even try to wash. And I think it can be a first step. And I also think that we've seen in the economies that customers do hold businesses accountable, right. So I think you can see that in the textile industry where people are like, Oh, H&M, you say you're so fantastic, but I mean, what's going on in your factories. So companies are being challenged and people, they are enough (...) I think civil society also does a great job of holding these large multinational companies to account so a little pink washing as an intermediate stage isn't the worst. With regards to the transformational impact, yes, like pink washing in and of itself is not like that should never be the end stage because then we're not going to transform anything because for transformational impact, I think, what you need to know (...) what we need to be focusing on - and I think this comes from this simple but my own standpoint as an intersectional feminist - what isn't enough is just making sure that (...) more money lands up in the hands of women, you know, the whole go boss effect. I'm not going to be happy when I see tons of women CEOs of listed companies, but those companies haven't thought about what are the power dynamics? What are the power structures within? So if you just put a woman CEO to the top of an unchecked company, that doesn't mean nothing. So that's also why and that's why this is so tricky. That's why it's so important to go beyond to actually look at the processes that you have in place, maternity leave, how many take maternity leave, those things. You need to balance that with what's feasible for return. Yeah. So that's my conclusion. I think, definitely, gender lens investing can have a transformational impact on the economy because it literally informs who gets capital and who is supported in their growth and can therefore have more impact on families and consumers. For that to happen, we need to be intentional and actually look at the power dynamics are not just counting people and counting euros. That being said, it is okay if we have a few shades of grey in between where we are now where we want to go. Because it is a process.

K.H.: That's actually (...) that would be a beautiful conclusion. And just looking at my last question for you, and that's something I mean, we're here in South Africa and looking at the global gender lens investing landscape. I haven't really wrapped around my head about the dynamics but my gut feeling is that a lot of the money I think from for the listed companies actually goes into the Global North, while a lot of the suppliers and the whole chains go around the globe and also especially are located in the Global South where, for instance, it's hard to look at the working conditions or like it somehow gets lost in the process, potentially or whatnot. I don't know. Yeah, but how can the practice of gender lens investing also - it's very similar to the question of race and the intersectionality - but also in the supply chain processes. How can this be taken into account?

I. 1: I think in a lot of the same (...) so a lot of the same questions that you would ask the company itself, you would ask them, you need to ask these questions of your suppliers and everybody in your value chain. So not just you. I don't know H&M headquarters, do you provide paternity leave? Assuming as they sit in Sweden, that the maternity leave is fantastic, but who do you purchase all the inputs from and do they provide paternity leave? So I think you can whatever questions you asked them you can (...) Yeah. And I think that's (...) I realized that comes from a position of privilege. I'm very much like "you know what, if that makes things more expensive, that's fine. I've got money to pay for expenses." So it's easy for me to say. I do think people are very much like "I mean, but what can we do people are willing to work for so little money." I think with a position of power comes the responsibility to lose that power well, so that means that large businesses need to (...) can and should dictate working conditions to the people that sell to them. If you've got that, you know, position of power. And well, that's how change happens. So, this whole argument that "Oh, but I mean, at least we're providing people with a job and if we don't hire them, someone else in China is going to hire them and then (...)" I feel like that's a bit of a non-argument. Like either you are intentional and you actually walk your own talk or you don't. Yeah, but I like I recognize there is very various dynamics that would also put the price for a lot of products out of the budget of very many consumers. So that's tricky. But yeah, and related to that, again, a lot of what can be done to facilitate that is similar to how you measure gender lens investing: making data and information available and, you know, how it benefits return. I think you can do the same with working conditions and applying a gender lens in the value chain. Because again, this benefits the performance of those companies and for a lot of them, sticking with H&M example, it could improve their marketing and just how much customers love them or don't love them. It would also impact the reliability of their supply chain and the quality. So to make that kind of information more available. There's a role for the researchers in the world.

K.H.: Great. Do you have any more questions left or anything else you want to know?

I. 1: What is the geographic focus of your research? Because I feel like I've been all over the place and I hope that was helpful. I'm not sure about the (...)

K.H.: It definitely is. So it's twofold. And somehow, I mean, I told you I look at the regulatory landscape and what companies need to report and what change is happening on that side. And then also on the framework and criteria side of things to see what would be the ideal thing (...) like what do we want to look at. And to match these, as a starting point, since I am based in Austria, I am from Germany, the European context is very crucial. But also because I found out that whatever is happening in Europe, because it's affecting any company that's listed in Europe, it also has a global impact. But yeah, I'm quite open as to which standards to look at. A lot of them call themselves global but I don't know how global they are or if they're not just within this European bubble and I mean yeah, some things that are coming from the United Nations or Global Reporting Initiative, so they have this holistic approach, but I'm also very much interested in local initiatives and, now here in South Africa, and for instance, this I knew about it, but I haven't even thought about matching this criteria of incorporating black people and women, that this could actually be a framework to look at when also doing gender lens investing.

I. 1: I don't think it's currently being used particularly for that but it's (...)

K.H.: Because it actually has the same intention to somehow tackle those inequalities on various dimensions. That's what we're trying to do in business, in the investing spheres. So (...)

I. 1: Yeah. Have you come across a book called "What Works? Gender equality by design"?

K.H.: No.

I. 1: It's excellent.

K.H.: Okay.

I. 1: It covers a wide range of topics, but what (...) it's by a woman called Ires Bohnet. And it covers a wide range of topics. But really what she's all about is, which I think makes so much sense is it's not enough to change the minds of people because we're all biased and our biases are going to be with us until the day we die. Yeah, we can become more aware of them and we can check ourselves and we can continuously unlearn but we're always going to be biased because that's human nature. So what you should rather focus on, what can have more impact with is to actually look at processes and structures and systems, and which is really what you're looking at, right? What are the reporting structures etc. And make sure that those are either debiased or, you know, set certain thresholds in place. And I think she's got a chapter on (...) She definitely talks about gender quotas in politics. And I think she, in some chapter, she also touches on I think it's France were listed companies need to report on (...) or all the government departments, I can't remember, but they need to report on their gender inclusion, counting bodies, basically. And if they don't meet the thresholds, they need to explain why that is. And I think she investigated what the impact of that was before (...) but at the very least, they just became more aware that "Oh, shit, actually we shouldn't be performing better". And that had a positive impact. And I think (...) kind of related to that she works at the Harvard Kennedy School of Business at a department called the WAPPP, that is the Women and Public Policy Program. They've got a ton of research including about gender inclusion in VC. They've got a whole set of resources that's useful. And they also have a lot of publicly accessible virtual seminars. So yeah, it could be (...) Yeah, just go check out what they have.

K.H.: Definitely going to look into that.

Interview Transcript: Interview 2 (B)

Research project:	Investing with Impact: The Case of Gender Lens Investing for Non-Professional Investors
Date:	10/02/2022
Time:	7:30am
Duration:	50 minutes
Place:	Cape Town, South Africa

I. 2: Maybe reach out to me when you're about to quote me. And then you just clarify, that's what I meant.

K.H.: Of course.

I. 2: So, if you want to get underneath, I think gender lens investing as a problem as a whole, I think the core premise is that equality versus equity thing, right? And that has to do with a lot of disadvantaged peoples, right? So, the equality, that's what everyone talks about, we want greater equality, but things can't just be equal to begin with. There's a step change that needs to happen in order for things to get equal, and that's where equity comes in. And I think that's, that's where we need to be with gender lens investing. And I think that (...) you see a lot of initiatives in the space that are coming to promote this. In fact, the 2X Challenge, things like Project Sage things like (...) just investment from these larger bodies around. And the VCs are trying to pump money into it, but the case is that they aren't really doing that. Then my question becomes why isn't it happening? Have you heard of the term homophily?

K.H.: Which term?

I. 2: Homophily. Effectively, what it means is "birds of a feather flock together", right. So people tend to like people that are similar to them.

K.H.: Yeah.

I. 2: People tend (....) investors tend to invest into people that are similar to them, whether it is investing into people of the same ethnicity, same background, same school experience. And the most important one that we are seeing right now is gender. And I think that, if you look at the VC space as a whole, right, we go into your northern markets. So, we're talking North America, we're talking the EU we're talking Great Britain. The VC space is dominated by white males. Now, if we think about homophily, who is (...) who are they interested in supporting? It's people that look, sound, think just like them. And that for me is why we haven't been able to see a lot of money flow to this group of people. I think that in South Africa, in Africa, the problem is similar. Alright. What I wanted to pull up here was some stats on that I can share those with you. And it's something like (...) It gets terrible. So maybe when you look at teams, I wrote a piece on this actually, when you look at VC teams that comprise of women included, right, so men and women, is like 16% of the investment. This was in the middle of last year. 16% of them, we exclude men from that, right? These are rough figures that I'm pulling out of my head right now. If I were to get the actual ones, I can give you them. If we look at just women, that number drops down sub 10%. If we look at women of color (...) yeah, you know. So, that's where the equity, equality compensation comes back in because in order to get that number up, you can't just be doing things equally, you have to empower a certain group of people. And then, in order for all of that to change, you need to bring a whole group of people into the investment team so that you get investment teams more balanced. Right. So you need to have women (...) they need to just have a balance demographic, right. So, people of color, women of color, males of color, etc. And if you get like a more balanced investment team, that's when you will start to see more equal in this sense, more people investing into different groups. And I don't think that (...) I think it will take some time to get there. Because now the major problem that you see is that, great, we're getting women into the teams. We're getting people of color into the teams but where are they? Right at the bottom. And that's frustrating me.

<u>K.H.</u>: Yeah, I totally agree.

<u>I. 2:</u> Let me try and jump onto this Wi Fi and I can show you the stats here.

<u>K.H.:</u> Yeah, but maybe just to start off and go back a little.

<u>I. 2</u>: Happily. Sorry, I jumped right in.

<u>K.H.:</u> No, it's fine. It's totally fine, but can you talk a bit about your work at [organization] and how you understand gender lens investing. What is it for you?

<u>I. 2:</u> How I understand gender lens investing, I think that it has to do with looking at the investment process as a whole. Looking at that entire process from deal sourcing to due diligence to actual disbursement to management of the portfolio company, should it now become an investment, having a gender lens incorporating in each of these processes. What that means for me is factoring in different factors, considering different biases that you have, biases and things that we don't even realize that we have and unless you have tools set in place to ensure or check your biases, you never ever consider them. And so, for me gender lens investing (...) has to do with ensuring that you are constantly checking your biases, constantly making sure that you are considering all of the different various parties and considering that.

<u>K.H.</u>: And what are these tools you're talking about?

<u>I. 2</u>: A broad variety of things. You can have checklists. So, as you're going through, you start at the beginning. So, deal sourcing phase, you know that you need to be considering investments into women, right? So, you have to look at a startup and say is this startup is it founded by a female. Now you ask yourself, what does being founded by a female mean? Does it mean having a female on the executive team, so a CTO, a CEO, or a CFO, what does it mean to you? Does it mean that the sole founder is just their only female? You need to approach these questions, but I think these are the questions that you can ask. For us, I don't think that it means that, I think that having a female on the executive team, you know, depending on how early it is. It's an early-stage startup with a CEO and maybe a COO or CTO if it's a tech company. One of those are female, that's a big positive step. So that's at the sourcing stage.

During due diligence, you ask yourself a lot of questions. And during due diligence, there's a lot of checklists that you can definitely use. It's questions like looking at the demographics of the employees. Are they even, are they trying to be even? Is this a consideration for them? It's looking at their board members, do they have any female representative quotations? Are any of these female representatives? Independent? Questions like that. I think that you also get to (...) you get to look for policies as well. Right. So, policies within the startup itself, are these (...) is this startup considering different factors? Are they considering maternity leave? Are they considering supporting women that, you know, like different policies within the business. And I think these are all factors that include having a gender lens when you look at a business. It's literally about expanding the way that you look at a business. And then, if we take a bit of a skip here, from disbursement into management of a portfolio company, I think it's doing almost all of the factors that you, you've done already, but now you assess your business and you're trying to help them improve. And I think that that's for me where a VC makes its money. Because in terms of helping the business grow in the right direction, that's what we're supposed to be doing. Helping a business proceed to the next stage. Right. So, get funding in another round. It's about making that team more investable, making that team more representative of what it should be and those are different factors that I think we incorporated in that process.

K.H.: And you do that at [organization] as well?

I. 2: Yeah. We try to at least Yeah.

K.H.: And how do you think (...) or which role can return investors take in this space? Because you as a VC fund then have a whole different role than anyone (...) just like you and me privately trying to invest with a gender lens. So how could this look like?

I. 2: So, maybe let's define retail investors first. So, I don't know, would you consider an angel investor a retail investor? No. No, so a retail investor now are we looking at the listed space?

K.H.: Yeah.

I. 2: People that are using (...)

K.H.: Everyday people who want to save up for their retirement (...)

I. 2: (...) using Robinhood, using easy equities using bamboo in Nigeria.

K.H.: Or are going to the Standard Bank or (...).

I. 2: Whatever it may be. What can they do? I think that if we look at the listed space, there's a lot. So, the beauty of the listed space is that there's so much information. We need to see more, I guess, standards and reporting on gender norms specifically, right. So, when you have a few different ESG ETFs etc. that look at ESG holistically. So, they look at the sourcing, how that (...) if we take Nike as an example, how does Nike source their raw materials, what kinds of employment, what is the environment in which their people work in it? If we can get that to more of a (...) to female perspective, so include different factors that are being assessed in a transparent manner. That's the only way that (...) that's the way that jumps into my head in terms of how we can make it more accessible to the retail investor. In terms of having more transparency in how that team, the company is set up and showcasing this. I think that you need to have regulatory bodies, yes. But I think that this information needs to be made widely available. So if you look at the S&P 500, if you look at the top 40 JSE companies, if you look at the Dixie, whatever it may be, right, you're looking (...) you have access to all of these companies gender status. And when I say gender status, there should be a host of different metrics that fall under a gender status, right. They have an overall gender score, right. That overall gender score takes into consideration various factors that (...) the breakdown of women within a force, a team force, the breakdown of women within the management team, executive team, founding team, boards. Then looking at policies, rating those policies, looking at contractors and suppliers and all of this. It could even have a body that does that independently and makes that information available to retail investors. I think that's a big step. I'm relatively sure there should be some nascent information like that. I don't know (...) like that information is probably there. It's just not readily available for me.

K.H.: Yeah. It's both actually. So, the information, some information is there. But what I've found in my research and looking at this (...) at some sustainability reports, for instance, they hardly report on, for instance, gender pay gap within the company or yeah, all those deeper factors. They're hard to get but what you get is of course, how the board is composed and yeah, the workforce. But yeah, it's, I agree that we need to get to a more sophisticated set of indicators that companies report on. And that retail investors then can then look and see and compare, even.

I. 2: Yes.

K.H.: Yeah. So how do you (...) is it in South Africa, is there a lot of regulation happening with this regard or are even global initiatives somehow also touching South Africa?

I. 2: I think it's important for you to remember that (...) I guess field of choice is not in the listed space. So within the list of space, I think that there's potentially a lot more in the pipeline and happening that I mentioned previously. So just keep that as a caveat when I speak. What's happening in South Africa. I think that (...) I mean, like from my own experience within the (...) or seeing what the (...) not for retail investors, but like asset managers, etc. These places are still extremely dominated by men, extremely dominated by men, white men. And the (...) it feels as if the importance of gender has not translated into their teams, right. And with that being the case, if we go back to the, my foundational thinking of the problem of gender homophily it's that same problem. So yeah, I can't speak to, I guess, initiatives that are happening in the listed space, unfortunately.

K.H.: But how do you think can we break this circle?

I. 2: Are you familiar with Broad Based Black Economic Empowerment?

K.H.: Not in depth, but (...)

I. 2: I mean, the concept is exactly what we're talking about. Go to another foundational aspect of what I said. Equity versus equality. Be he is either broad based black economic empowerment or just black economic empowerment (BEE) is premised on that, so trying to bring greater equity to these players, previously disadvantaged people by bringing different initiatives in. So, a company (...) how they've done it is, there'll be different levels that any corporate company, any company has, so you can be level 1B be level 2B. And on that spectrum, you get different points, right. Those different points, that you are privy to different things, right, whether it be different government tenders, whether it be there's a host of different benefits, right. I'm not sure if there are tax incentives as well (...) I would assume so. So, from that, companies are incentivized to tie up in a more balanced demographic (...) in a more balanced manner. So, for example, you will get a greater point for hiring a female Black woman. So, gender is also category (...) Gender is a big thing. Within BEE empowering black women is a huge component of it. And that has been a shift that the government as a whole has made. How it plays out in reality is that the people that benefit the most are generally people that have been relatively privileged prior to that, so it's still a black woman that's been empowered and (...) but you have people that are able to cheat the system. And so, what you see inside, fronting effectively to hire so you can come to a certain level, you expect all of the benefits. And you benefit as a company, right? What is being done, that is what's being done, what needs to happen, that is what needs to happen, but it needs to happen in a more regulated manner, right there needs to be (...) there need to be greater or better watchdogs, ensuring that it's played in the right way because the only way that you get to solving this problem is by bringing greater equity to get to equality. And yeah, that I think that the initiative is great. It's what we mean, it's just that it's not played out the right way.

K.H.: So right now, they're no watchdog organization whatsoever?

I. 2: There definitely are. There are audits (...) For example, let me put it like this, right. Maybe this speaks more to more to VC as a whole then with respect to just gender. You will have (...) last year (...) do you know Sanlam?

K.H.: No.

I. 2: Do you know Absa?

K.H.: Yes.

I. 2: Sanlam is a bigger Absa. They have exposure into asset management, insurance, etc. Sanlam bought a whole chunk of Absa, took over almost all of the ETFs and all of the asset management and became effectively the largest, largest black owned asset manager in South Africa, I think, in Africa it's definitely possible I mean South Africa has probably the largest the most developed Asset Management market in Africa. So, saying it, is very nice, right. "We have the largest black owned asset management". But what does that actually entail? It was one of those shifts where a black owned business bought into Sanlam or was bought by Sanlam, now owns it and they are able to change their levels, their BEE scores. And now Sanlam becomes a black owned business. That's how it happens in practice, right. And so, there are watchdogs, there is a lot of monitoring, but what that monitoring leads to is not very (...) it leads to these kinds of transactions right? And so, then you need to ask, is there really a shift in the owners and the owners of new sources of capital? No, there isn't. Not really in a way that bring about long-lasting change. Yeah. I think that's a problem and it stems (...) that was just an example to illustrate how it plays out. It plays out the exact same way when you bring women into the equation.

K.H.: Yeah, yeah. It's this whole discussion about quotas and are they really empowering or not? My take on it is just as you say, like we cannot change this homophily, if we don't have women or people of color or people with disabilities or whatever layer it is, of inequality, when you don't have them in those cases, it's not going to change because we just (...) we're so biased.

I. 2: We're perpetuating the exact same problems by doing (...) it gets so frustrating to watch play out.

K.H.: And speaking of this, like how's your take on intersectionality and gender lens investing? So because what I hear is a lot of critique, like in research, for instance, that gender lens investing is really about counting women, and then you don't take into account a lot of other dimensions of inequality. What's your take on this?

I. 2: I think we meet on a very good day. Right now, we've been writing our (...) we've written our agenda statements. Effectively, just like our mission, vision, our (...) how we want to bring better greater gender diversity, equity into the space.

K.H.: Is that one publicly available on the website?

I. 2: Not yet, and when it is, I'll share it.

K.H.: Thank you.

I. 2: If you promise to actually share your piece as well. I've done so many of these and I don't (...) I think I just have received one out of it.

K.H.: No, I'll send it to you. I cannot promise when though.

I. 2: As long as it eventually comes, I will be happy.

K.H.: Yeah.

I. 2: Anyway, so the problem that we've had with our gender statement is that things get too binary and I think that is my problem with intersectionality. It's not intersectional enough. You can't be (...) we can't still be in a binary, living in a binary environment. It's not a male/female. That isn't the case. But you do need to factor in that identity is something that people choose with, it's fluid, it changes, and I don't think that currently how we assess things factors that in enough. Yeah, that's my take. And I don't think that we factor in the fact that gender is fluid into all of this research and all of our (...) like that was a problem that we had ourselves. Like we're saying we want to have an intentional focus on empowering women. Then you take a step back and you ask yourself, are women the only people that we're trying to empower? You know, like, the problem is so much broader than just that. And I think it's very easy if you're not well (...), or really engaged in the problem, to fall into that trap. And just be very binary about it. That's the data.

K.H.: Because it's easier for the data. It's easier for the analysis.

I. 2: So much easier.

K.H.: Yeah.

I. 2: I mean, like, when you when you record someone that doesn't choose to identify as a male or a female, someone that chooses to identify (...) or is trans and somebody that chooses to identify as non-binary (...) in this research that you're doing, like, where does somebody fall, and they have to fall somewhere. And that needs to be considered and I don't think that it is.

K.H.: Even in your statement you figure it out right now (...)

I. 2: Yeah. And I would say, we try to make it as non-binary as possible. So, focus on other groups, factoring in other groups here, right. So that's how we dealt with that issue. But when something it also is (...) a gender statement is also something that I don't think should be set in stone. It should also be fluid. I think that investment theses as well should be fluid because the environment in which you operate changes.

K.H.: I like that. It makes things more complicated, but it's also necessary.

I. 2: Then again, you didn't choose to work in a very (...) I mean VC as a whole is not structured. When I say not structured it's like (...) it's a complex environment. My first comment about your listed (...) in the listed space was there's so much data. VC space, a lot lesser.

K.H.: Really? I thought even in the impact field, there's going to be more data in the private equity space because you're closer to the company. And you can somehow request impact management or these things. Is that not the case?

I. 2: That is the case, you can request data. But you're doing that, you're requesting it.

K.H.: Okay, so it's not there initially.

I. 2: One, it might not be there. Two, you have to actually request it. If you're working in (...) if you're monitoring a listed companies, that data has to be sent to you. It's there for everyone to see. There're requirements that bring that data to life. In the VC space, that isn't the case. That data does not have to be publicly available. Until a company IPOs and goes public. With regards to requesting data, I mean it sounds a lot easier than it is in practice, because what actually happens in practice is, you request data, a startup says, well, one, I'm an early-stage startup, right, so let's say hypothetically, a series A of a hypothetical valuation of $10 to $15 million. You've just raised $5 million. You now need to decide, okay, the data that has just been requested by this investor, is it core to my operations? Is it core for me to start expending money to collect this and this and this when that need could be better served doing x y and z? And I think that is the problem that we face in this space, balancing what is core to the business and its progression and what is needed for us to have a better holistic picture, image of the business in terms of all of these factors, including what we're talking about right now.

K.H.: Somebody once told me that the good impact startups, they're not even going to impact accelerators or incubators, because there's so much work required to actually report on that. But if you can also, without these requirements, get the money and still be a good, more impactful startup than a lot of founders choose to do that. Yeah. So, but I feel like there are a lot of things happening - like more software, more consulting, more and more things in the impact management sphere to make it easier, right.

I. 2: I mean, my role at [organization], as a Senior Investment Analyst on one side, and then as an ESG and IMM Manager on the other side (...) so on that side, I have to manage [organization]'s (...) so all of the different providers and impact measurement and yes, there is a lot of money going to all of this different impact management, etc. But we're still so early in that there's not enough (...) the biggest problem, there is not enough standardization. And what that means is that you can't benchmark. And if you can't benchmark how good are you really?

K.H.: Yeah.

I. 2: Right, like I can tell you that (...) we have a company that has now 10,000 farmers, right? And they operate within the processing. They process tomatoes, and they do this and this, but how good is that information really. You don't know, who you compare it to? All of these different questions. And I think that standardization needs to come in order for us to get to that point and even though we have all of these consulting companies moving into this space, I don't know if it's, I don't think we're there yet. We're definitely not there. There's a long way to go. And there's a lot of different stakeholders that we need to get completely involved before we get there.

K.H.: Actually, the fact that there are so many consulting firms it means that there's a lot of uncertainty and a lot of information to be prepared.

I. 2: Exactly.

K.H.: But are you aware of any set of standards that are already like in the discussion to be the standard that a lot of VC firms are using for instance, or is everybody just doing their own thing?

I. 2: Everyone was just doing their own thing for a long time. [organization] was founded in 2006, right? So for a long time you had to create your own standard you had to base those standards on what was publicly available. Think IFC, think CDC. Now, we moved to (...) not we moved (...)

what my big mission and goal with [organization] is, is to move on to a more standardized way of operating things. GIIN, do you know GIIN?

K.H.: Yeah.

I. 2: So I think GIIN and think of the IRIS+. And that's what I'm trying to heavily integrate into our reporting and impact measurement process. And that is, in my opinion, the platform that factors in the broadest amount of information right, and when I say amount of information I mean, all of these globally recognized practices: SDGs (...) again, IFCs, reporting practices, etc. And I think that's the one that will probably get the largest adoption. You also have players like TONIIC, you've got players like (...) But I am a big fan of IRIS+ I communicate a lot with the GIIN. I attend a lot of their (...) or helping them create this matrix for different things. I actually went to one where we're doing gender metrics that you're trying to bring in. So I think that that's the key. That's the premious standard.

K.H.: Yeah, it's also the broadest one, I would say or like the most indicators.

I. 2: Yeah, it's a lot to do it.

K.H.: And would you say like comparing your gender statement now and what you want to look at and matching this with the indicators out there in the IRIS+ sphere, does it match? Or are there gaps that even those standards cannot account for?

I. 2: Have you heard of SFDR? Sustainable financial disclosure regulations

K.H.: But it's not the European one, is it?

I. 2: The European one.

K.H.: Ah yeah, okay. Isn't the CSRD effort? That was NFRD and then (...)

I. 2: I don't know, I haven't heard of NFRD. So SFDR is what we're dealing with now. I think that those regulations recently came out or (...) not recently came but being enforced more so than before.

K.H.: Yeah, then we're talking about the same thing like the EU taxonomy.

I. 2: Exactly. Yeah. So to answer your question, I would say the question was, is these metrics systems, so IRIS+ etc., covering all of the different factors that we consider important like what we raised in our gender statement. And I would say yeah, it covers a lot. But what we have found now looking at SFDR is that we are not tracking enough things, right? To be compliant, you have to be tracking a host of different factors. And I think that, you know, the beauty with IRIS+, it's supposed to be that. You do that and you're doing everything. Right. And I can't full heartedly say we're doing everything within IRIS+ because, I mean, there's a lot to do. But I think that with, with SFDR, we have realized that we are not tracking enough and we're not doing enough, more so than when we just looked at a metric system. And so that for me has been the realization. Yeah. But that is broader than just gender. Yes.

K.H.: And, yeah, maybe you can talk about this taxonomy a bit more if you're familiar with it. Because what I know is that it really started off with these E side of things, so ecological and what is sustainable in that sense? What's happening there in the field of gender, and are they even already at that point where they can name the metrics or whatever needs to be recorded?

I. 2: Great question. I don't think I can answer it very well. I don't think enough is happening on the gender side. I mean, earlier you said something around the lines of the we have a lot of big players, listed players, reporting on the basic things board, or number of women on the board, etc. Those factors are required for this appeal. Deeper than that, I don't think they go into (...) for me, when we go into policies, that's a huge step forward. It's almost qualitative in terms of how you track it because, you know, policy at one company might be in one way. It might be worded in one way at another company, worded in a different way. How do we deal with the two. It becomes hard. Until we get to that point. There will be a lot of gaps. But no, I can't speak to what SFDR is doing on the gender front holistically enough. I don't have enough exposure on that, unfortunately, but I can speak to what I have seen in it and that has to do with the board members etc. But, yeah.

K.H.: I'm curious on what's happening there. I also have to get deeper into the reports and what those Commission's (...) not the Commission, but like, groups of people who work on this full time, what they're working on, maybe I can also get someone to talk to me about it.

I. 2: I think that would be great. But it's good to see. I think that standardization as we've already said, indeed, but (...) seeing where they're pushing this industry as a whole is pleasant. And I think that if we can get more people behind it and when we can enforce it more and there are big disadvantages for not being (...) for not meeting the regulations, that would be great. Especially the regulations start including factors like what we're talking about today. How long it is until we get there and how long it is until SFDR factors those (...) the correct factors in enough and how long it is until not meeting those requirements affects your business practices enough, I'm not sure how long. But those are the questions.

K.H.: Yes. And those are also the questions for my thesis, like I want to figure out what is it that they want companies to report on? And what is it that from a more feminist point of view, what they should be asking to report. And then from that, how can retail investors now who are not (...) not professionals and they're not impact managers or anything, but how can they still participate in this process of gender lens investing?

I. 2: How did you get to the retail aspect of it?

K.H.: It was actually (...) so it was from personal experience that I thought, Okay, I want to invest my money, like I don't have tons of money, but I think, probably have to figure it out somehow in the world we're living in. But I don't want to put my money just anywhere. And I don't want to put it into not sustainable companies. But then how do I find out which ones are sustainable? Which ones are not? Which ones are gender equitable? And I only read about like few funds, but then they were not available to me. And I was like, what's happening here? Why don't I get this information and access to it? And I believe that there are a lot of people out there who have that same problem and that's also why the regulations are slowly coming in. Because they also feel like consumers in the end cannot really have transparent information.

I. 2: Have you heard of MSCI?

K.H.: Yeah.

I. 2: Not that I'm aware of. They have an ESG tracker already available to some people in a very (...) like the (...) and why I bring this up is there are some ESG ETFs, right. I don't know if they have any gender focused ETFs (...) That's effectively where I see it gaining mass adoption by retail investors. Because as a retail investor, if you want broad based exposure, the only way that you have (...) you can get that with a limited budget is an ETF. And so you get to something that factors those factors in an ETF (...) a gender whatever S&P. You're not going to have that exposure. So, if you can get I think (...) I mean like just thinking out loud, yeah. I don't know what, what kinds of factors MSCI considers when rating different funds, ETFs etc. I don't know if you've had a look at one of those.

K.H.: As far as I know, just speaking generally about rating agencies they don't make it publicly transparent on how they rate and where they get the data from. Wait, you can read yes, from publicly available information most of the times and then they check with the companies. But it's not that you can really go through the process of how they're looking at this and this. And now I see where the scores come from. Plus, a lot of them (...) there was just a recent article about it, they're not looking at ESG in the sense that how it impacts the world and how it impacts the people, but rather how sustainability trends can impact the profit of the company.

I. 2: Yes.

K.H.: Yeah. So that's, that's a whole different problem.

I. 2: I mean, are we not all self-driven, you know. I mean, as a VC, you're looking to make a portfolio company more investable in the future. It's the same thing, right. But the question that I guess you have to ask is, if that's there, but it's leading to a better situation, a better world, a better environment. How bad is that? But effectively, that's what SFDR is doing. It's saying, look, if you want to get business, then you have to meet these requirements. If that makes companies that meet those requirements, more profitable is it not a step in the right direction still? Yeah, that's a question.

K.H.: That's, I actually came across it yesterday the big question of this business case for gender and, like true (...) Like from within, just for the good thing to do gender. You get what I'm saying?

I. 2: I get it.

K.H.: So, do we have to take the business case in order to mainstream it and then somehow get at the equity part or is there another way around it?

I. 2: And what was the article saying?

K.H.: It's saying (...) it's really hard (...) like many articles criticizing the business case. But also saying that if you (...) Yeah, it's not the worst thing to have. And if you involve the right players like women's organizations and keep the (...) not depoliticize it, then it's probably a way to go. But that's just within the parameters of capitalism, so (...).

I. 2: Yeah. Yeah, we can go on and on and on capitalism as well.

K.H.: Yeah. So maybe as a final question, and just any thoughts that come up with this, is gender equality or equity, even achievable within the parameters of capitalism? And that's a very big question, so (...).

I. 2: I mean, I guess you need to look at time horizon. I do think it's achievable. I think that the metrics that we use to assess success will probably have to change, right. So, you know, McKinsey, BCG, all of these guys do reports on like, Okay, if we were to have (...) if we were to live in a society where it was exactly equal, right, where both men and women were contributing to GDP equally, GDP would rise by something like 25% right? It's ridiculous. So, you have these organizations that are pushing towards it. Within this capitalist world that we live in, do I think that we will get to a place where we have full gender equity? Eventually, yes. That is my hope. What eventually looks like, what that time horizon is, it's definitely not a decade, that I can say. I don't think it's a decade. But in a decade will be a lot further than what we are right now. And I think that if that progress is what we measure ourselves on then I think that that is a positive step. Whether it is good enough, I don't know. But a positive, yes.

K.H.: That's a good ending I would say.

Interview Transcript: Interview 3 (C)

Research project:	Investing with Impact: The Case of Gender Lens Investing for Non-Professional Investors
Date:	10/02/2022
Time:	12:30pm
Duration:	30 minutes
Place:	Cape Town, South Africa (via Zoom)

K.H.: Yeah, so maybe we start off by you telling me a bit about your work as a gender lens angel investor, like in general, but also with the [organization]. And yeah, just a bit about what you're doing.

I. 3: Oh, so I started off as an angel investor, perhaps after I exited a business. Did you start the recording?

K.H.: Yes, yes. You're right. Thank you.

I. 3: So, I started out as an angel investor after having been like an entrepreneur for seven years. I was part of a team that raised venture capital investment, well we raised everything from angel money to grant funding to venture capital to loans and what used to kind of bother me was never really seeing too many women in the platforms where we were on, you know, where we were being interviewed about being a success story, or if you've raised $30 million and just not seeing a lot of other women on these platforms. So, after this I thought I'd do some angel investing, to see what's out there and see how I could support some of the women businesses because the general consensus was that there was a thin pipeline of women entrepreneurs that were investable. And that for a lot of them, there were more. And so that's how I started out. Eventually, I realized that it would probably be a lot more efficient if we raised a VC fund and got bigger, put other people's money in as well and raised some funds so we could do bigger size tickets. So, I went out and partnered with [organization] out of the US to be able to invest seed sized tickets, which, in Africa, around $200,000 to like a million dollars would probably still be considered seed. And so that's how I started but now the work that we do is really focused around investing in women entrepreneurs. And now I'm at the stage where I've realized part of the problem with not (...) I actually wrote a academic article on this with a friend (...) part of the women why we the reason why we don't have a lot of women entrepreneurs being invested in is that we don't have enough women capital allocators. So we don't have enough women investors in the first place. And so, it's quite, yeah (...) And so, you know, people invest in people who look and sound like them a lot. And so, I find sometimes it's even simple as little nuance language issues like if a woman might say like, the market is very big for this, and speaking to a male investor they think she didn't have an idea. Whereas if she says that to me, I can say okay, great, how do we (...) how can we quantify this so that we get a sense of how big it is? Because intuitively they've got a big sense of it, but how do we quantify it? And so now we're raising even a bigger fund to try and see how we can support other female fund managers to raise money and start investing in more women, so creating leverage for what we're doing.

K.H.: Wow. That's such a great mission. And yeah, I'm really lucky to talk to you today. When you look at those businesses, I mean, you mentioned female investors, but then also female entrepreneurs. But what would you say what makes a business gender responsive? If we're speaking about gender lens investing? Is it the pure fact that there's a woman CEO or like what do you look at for a business?

I. 3: I think in terms of definition, of what qualifies a gender lens investment are not (...) there are different lenses through which you can look at it, whether it's women ownership or women leadership, or whether the products are inclusive. Products and services are inclusive of women or the value chain is inclusive of women. And so for us, we take all of those into consideration. So I think a good resource around that is the 2X challenge, how we define that but we take all of that into consideration. The primary for us is actually women ownership as well, because we want the women to at least have 30% ownership before we invest and that they have some level of strategic influence in the organization. It shouldn't just be 30% on paper.

K.H.: Yeah, yeah, right. Yeah, the 2X challenge is really something that comes up over and over again. So that seems to be a good guideline.

I. 3: Yeah, it was a consultative process, I think, and that's why a lot of people have bought into it. Because it's not like four people sat together and decide. I think that's what makes us all buy into it, because that's a bit of consultative process to get to that type of definition, yeah.

K.H.: Yeah. And if we look at like or, first, I want to ask you like, what (...) how do you see the role of retail investors or non professional investors in the field of gender lens investing?

I. 3: It's critical, but they're late to the table. I feel I could have walked faster and been a lot more supportive. It's been a struggle out here in VCs, and I think they use it more as a buzzy word, you know, to look/appear good and not as committed, and I feel it's mostly because they've got lots of low hanging fruit that's already working and they feel it's additional work. But I guess if we look at the journey of ESG in investing, how long that took for people to buy it, we were expecting a similar journey with gender lens investing. So it's not a surprise that retail capital is late, but in my opinions it's late.

K.H.: Yeah. And now if we wanted to mainstream gender lens investing and get those retail investors to the table, even though they're late, like how could they go about it? What can they look into when they decide am I putting my money there or there? Yeah, do you see a practical approach to it because a lot of times they don't have much time or capacity to really do the work, I would say, but yeah, what do you think about?

I. 3: I would say the biggest bang for buck for them is investing in women managed funds because those funds are investing downstream. So they're the ones that are doing the work, I think, downstream. So yeah, I can understand capacity, time is an issue but then you have to think about where do we get the biggest bang for buck and where do we get the best leverage to tick our boxes if we must tick the box? Because at the end of the day, I think that the return argument has been met already. There's enough data to show that investing in women is equally competitive and profitable, and that you actually get better returns from more diversity, you know, and so that stories is old, that box has been ticked, and it's about now this just the commitment and the will, for retail investors to come to the table. And so I would say the easiest space to start with is investing in female fund managers, because they will then invest downstream and then you still get the impact that you want, right? Yeah.

K.H.: Yeah, that's a that's a good point, actually. Yeah, and it makes (...) I mean, it assumes that women then look at all those factors that are important, but essentially they do, right? Or they tend to do it more than their male counterparts.

I. 3: Yeah, yeah.

K.H.: So what do you think, is the role of regulation and standards in this whole process of mainstreaming gender lens investing and getting more and more people to practice it and also more women to invest?

I. 3: So (1), I think is mobilizing. Regulators got some mobilizing power where they can bring together, you know, like retail investors and gender lens investors and see how we can have a lot more alliances and investments into gender lens funds, as (1). But (2), creating some level of stick, you know, giving them a little bit of, I'm in the back and say we have to do this. I think that's kind of worked in that ESG space in terms of like, requiring reporting, on what you're doing, how is contributing to safeguarding our environment and social good. So I think there is a space for some policies, at least, not stiff regulations, I'd say, some policies to be created that (1) provide guidelines, but also (2) encourage transparency so that there's a little bit of shame when you're not doing it. Right.

K.H.: Right. And speaking of that (...)

I. 3: Like have it as a reporting requirement, like we want to see what you're doing that there's a little bit of shame when you're not doing it.

K.H.: Yeah. And speaking of that, shame and transparency. Just my feeling and what I research so far is that companies do actually not report much on the gender dimension. So what would you say? Like if you were a policymaker, or could just set the bar for the standards, what would they need to report on and make visible to the public?

I. 3: Yeah, I think firstly, internal metrics are always easier to report, just your hiring, company people and your ownership structures, how many women in your ownership structures, leadership teams, core leadership teams. You know, in terms of your customer base, your supply chains, those types of metrics are quite easy to reach. And then going beyond that, like the service providers that you used, right like going beyond that, and so there is lower hanging fruit around internal reporting, which can be quite easy to get people to start reporting on. And then we can go down the line because I think if you're (...) It's almost like a culture shift. So if you started with things, the little bits and pieces of it internally, you get a lot more conscious about them, what you're doing, how you're recruiting. You know, how you are promoting and developing your teams, all of that stuff, changes with.

K.H.: Right. So it's also when we speak of transformational potential, it's not only the money that is channeled somewhere, but also like the way business is done and the things that get attention, right.

I. 3: Correct. Yeah, yeah. So, I do think it's also a financial thing. But but also, you know, its cultural, its political. And so how do we not just throw money at the problem, but really believe in it, right. Really believe that this is something that needs to be done because it makes things better at both a return perspective, but also like really. I do personally believe a lot more investment into women has cascading effects on development at the wider scale, and a lot more sustainable development right. And so, making it feel real to them at all these levels is critical. Not just like, let's throw money at the problem and hope it goes away. But let's really play to it.

K.H.: Yeah, and people need to understand the problem in the first place in order to change something. So one other big topic I have, in my mind is that with gender lens investing, a lot of critique that comes up is that it's really binary and just looking at women and men and also, yeah, it's hard to account for let's say intersectionalities. And what's your take on this and your thoughts on how also gender lens investing can evolve to also account for more layers of inequality?

__I. 3:__ Yeah, gosh, my whole studies are on data deception of gender and race entrepreneurial financing. I think it's a step because it opens up the conversation. And then it creates an opportunity for building on to (...) because what you don't want to do is lose people because you're conflating everything into one budget, right? And then it starts to feel to people like you will never be satisfied. And that the problem is too big to even start working on, right. So, I think that it opens up the conversation to start building in a lot of responsibility and conversation around other minority groups. So yeah. So, I don't think it's an either or I think it's a yes and. Yeah.

__K.H.:__ Okay. Gotcha. Sorry, the connection is bad right now. Say again? Oh, no, I have I have people talking in my background. Okay, yeah, it's very related to that actually, but I'm somehow trying to get my head around the listed space I want to look at and how gender lens investing can be done and should be done by more and more people there. But if we look at those big multinational corporations, it's a whole gendered issue, actually, because where where does the profit lead to and then who's actually working for those profits in other parts of the (...) not in the Global North, but rather in the Global South? So yeah, I'm really trying to think how these dimensions can also be taken into account when you look at a company and decide is this worth an investment or do I want to put my money there or don't I? Do you have any thoughts on this?

__I. 3:__ Can I ask a question rather. So what is your what is your concern there?

__K.H.:__ My concern is that this whole discussion of gender lens investing - but that's just my viewpoint, from where I come from, and how I got into the field - is very dominated by the Global North. And if we talk about those investments from retail investors, then it goes over the Stock Exchange and the big companies that are listed there. For instance, if you take the MSCI World Index and what companies are there, it's very much the US. And yeah, maybe even Europe, and then those companies. How can you assess them and look into their value chain or like, get underneath the surface of how many women do they have in the leadership, for instance, to really account for gender equality in their operations and how they work.

__I. 3:__ It's a big monster, right? Yeah. It's a big monster. I think that's where regulation can play a role, right? The same way, the same way there is reporting, you know, that's required from a financial perspective when it comes to listed companies. And I think that for a lot of the listed companies, there's recommendations around how they report their ESG. A similar layer could just be added for that, right. Yeah, it definitely would need a little bit of forcing because those machines are slightly tougher to move, right. And so, I think that's the place where regulation could play some role. Yeah.

__K.H.:__ Yeah. Yeah. And have you (...)

__I. 3:__ Otherwise, it never gets done right. Yeah. You know, one department could be doing it better. Another one is not doing better. But if there's requirements for transparency from a financial perspective, I don't see why the same level of seriousness can be applied into that space.

__K.H.:__ Definitely. And within the European Union, there are some levels to try and implement that and some sort of guidelines and requirements to disclose. Have you been in contact or, like been familiar with those developments of the EU taxonomy or anything like that? Or is there also something happening here in South Africa?

I. 3: Yeah, I actually haven't. Um, but this is because I'm not working in that listed space, maybe. So I wouldn't say there is or not. What I am starting to see though, is from data aggregator bodies that there're getting to some level of gender disaggregation. For example, in the VC space, we have quite a number of data and analytics companies that are following how much investment is going into the VC space in Africa across the board, and because we were pushing for and how much of that is going to women and how much of that is going to women, they're now forced to start doing that gender disaggregation, right. So there is a thing around activism pushing some of it. But I also think that there's definitely a role that regulation can press. So because I'm not in the listed space, I don't know what's happening there. I can only speak to what I'm seeing as a shift in the VC space.

K.H.: Yeah, yeah. No, fair enough. And that makes totally sense. I am also wondering, is it (...) Yeah, are those spaces learning from each other? Because I feel like the impact investing and the gender lens investing field is very much present in the VC space and private equity, because you're much closer to the companies. And then, yeah, the listed companies, they're doing something else. So I wonder if there's some sort of learnings and shifts from one space to another.

I. 3: I don't know. Like South Africa, for example, has got one VCPE kind of central body code called SAVCA, South African Venture Capital Association, so they kind of monitor both venture capital activity and private equity activity. Whilst the listed space is mostly manned by the Johannesburg Stock Exchange. So I don't know how much conversation they have, that's actually an interesting conversation.

K.H.: Yeah, I'm checking the time. Do you still have some time or (...)

I. 3: I'm actually on the move to another meeting, so I do have five minutes.

K.H.: Okay. Yeah, so maybe one last question, really. Because what I'm trying to aim for at the end of my thesis is to come up with a strategy for retail investors to really apply a gender lens to their investments. Maybe just to sum up our conversation. How could like, really a non-professional person who just has a couple of maybe hundreds or 1000s of euros, they want to put somewhere, how could they go about it? Is it really just through the funds that are managed by women or what are the criteria? And yeah, anything that hasn't been mentioned yet that you still want to tell me on that topic?

I. 3: I definitely feel that bands that are run by women are a great starting point. It's a great starting point. Just hold on (...) So, I was saying that I definitely think investing in women fund manager is definitely a great place to start because it just creates some leverage, and they mostly are already looking through a lot of these lenses in their investments. But a second place is really the 2X definitions and pick your place. You know, whatever you feel makes it easiest for you. What we just want is to start creating the shift. So, if it is the value chain perspective that helps you feel better about yourself when you sleep, that's fine, let's do that. Or if it's the products that are not more inclusive of women, just do that. But let's just like (...) there's enough talk and let's just start putting our money where our mouths are. So yeah.

K.H.: Yeah. Thanks actually a perfect conclusion. Thank you so much. I really appreciate that you took the time. Is it possible that I send you a confirmation sheet on your email or on LinkedIn, you just sign it.

I. 3: You can send it to my email.

K.H.: Perfect. So don't want to take up more of your time.

I. 3: Thanks, good to meet you. I'm curious to hear your main findings and recommendations. I don't want to read your whole thesis.

K.H.: No, I can sum it up at the end. I don't know when this is going to be but I won't forget you and let you know.

I. 3: Okay, cool. All right. Take care.

K.H.: Bye.

Interview Transcript: Interview 4 (D)

Research project: Investing with Impact: The Case of Gender Lens Investing for Non-Professional Investors

Date: 24/02/2022

Time: 1:30pm

Duration: 1 hour

Place: Cape Town, South Africa

<u>**K.H.:**</u> Okay, yeah, so about the research. I'm really trying to figure out how non-professional investors can pursue gender lens investing in the sphere of listed companies because that's what is available to them, like either in funds or separate stocks or ETFs. But then what I found and experienced myself is that there are a lot of hurdles and a lot of frameworks, indicators. So, it's hard to wrap your head around it and somehow find a way to apply this theory in your practice of investing. And that's why I'm trying to find out like, on the one hand, what companies need to report because it's all about corporate reporting in the first place, and then using this information, on the other hand, to somehow make a sense of it in a gender analysis for your investment analysis, like on a very accessible and yeah mainstreamed manner I would say.

<u>**I. 3:**</u> Yeah, it is very interesting.

<u>**K.H.:**</u> Thank you so much. Yeah, so let me actually go to my notes because I'm really happy to meet you because I saw you, you have like a lot of touch points. First of all, you do a lot of feminist work, right. And then you're also working for [organization]. So maybe you can elaborate a bit on what you're doing there. What the trust is doing, your work (...).

<u>**I. 3:**</u> Sure. And I'll also note some transitions as well, because from the time I wrote my bio for the Bertha Center to now, there's been a lot of shifts.

<u>**K.H.:**</u> Sure, sure.

<u>**I. 3:**</u> But I'll speak to it. So. Yeah. I worked with the [organization] for about three years. And as a philanthropic organization, they have a very strong commitment around public innovation. So how do you use social innovation to advance the public good, so they forward public innovation. And I think a lot of their work as a trust was really centered around early childhood development. So that's what the trust became known for. And then in the last 10 years or so, increasingly, they're becoming more known for their work in youth development, specifically thinking about the transitions that young people have and how to support young people's transitions into further education, into training and into employment.

And what I discovered when I worked there as well is they have this portfolio of work and this history of work around building more inclusive societies and that portfolio just spoke to me so much. Because they were really experimenting with grant funding and supporting organizations to tackle some of the toughest things in the country. And my particular niche was around violence prevention. So, I worked with a lot of organizations that either prevented violence or responded to violence—from gender-based violence to violence against women and children to discrimination against people with disabilities. I call it like my intersectional portfolio to philanthropy, that, for me was rooted in a sense of deep activism around how feminist politics shaped my understanding of inequality and exclusion, and how I could use my philanthropic practices to support the work to transform that.

Obviously, in the journey, you discover a lot, right, I think when I went into philanthropy, I didn't realize how (...) I didn't realize the power dynamics within philanthropy and the weight that funders have on the work that non-profits do. I think I went into it very (...) with rose tinted glasses, quite naive, to be honest. Like "but we are doing good work". You know, I knew that may be the case, but how philanthropy works, a lot of times quite detrimental to organizations. And so, it's in that experience of meeting organizations and also just witnessing how they are being treated, you know, like, I was this precious (...) I didn't quite get it.

But fortunately, through that experience, through those experiences, it gave me quite the activist lines and lens on philanthropy. So, I was very clear that (...) um, on the notions around justice and philanthropy I was a big champion of smaller organizations, organizations that don't typically get funding including organizations that work in GBV.

And because of my feminist politics, I brought a lot of that gendered analysis of power of institutions into how we work, what is considered strategic, how we find organizations. And even in terms of thematic areas, you could see that certain organizations were more funded because they focused on particular things, and other organizations weren't because it fell outside of agreements, right. I guess in a sense in philanthropy, it makes sense because you have a strategy and you fund according to that strategy, but in the broader context of social justice, like, who are we to determine what are the events that drive social change, you know, who are we to say this cause is not strategic for the next five years? Come back to us in 2020 whatever, when our strategy pivots again, and because a lot of these strategies aren't informed by the experiences of organizations or people going through, you know, whether its oppression whether its marginalization whether its discrimination whether it's a lack of access to services, or whatever it is.

What is actually informing our philanthropical practice around strategic planning, even though it's very professional, and it's very clear and on the surface it absolutely looks very responsible, but really what is informing our practice outside of, you know, our own interests, or outside of our experiences. And experiences are very useful, and I think we weren't always aware of how the power dynamics involved with that, we weren't always aware that it was just our perspective on something and how that perspective becomes the organizational perspective and the impact that it has on organizations on the ground. And even more so when you change your strategy. And now people are scrambling because they're like, oh my gosh, we tried to fit into this thing, what's going on now. And I'll make a recent ish example when DGMT changed its five year strategy in 2016. They started focusing on social innovation more explicitly, whereas before it was kind of bubbling under the surface, but then they were very explicit. And so, everything we funded was under that gaze, right, around social innovation. And to us, it made sense, but to many organizations, they really struggled with that. Like, are we even innovative? You know, because there is a baggage associated with innovation, especially in the non-profit space and because they have so many buzzwords, you know, one time it's innovation, next time, it's like systems change, the next time it's decolonization.

<u>K.H.</u>: And it all sounds great.

<u>I. 3:</u> Exactly, right? And I mean, there's a lot of substance to all of these things. But a lot of the times in practice, it doesn't go beyond the highlight reel of those topics. And so, it's just (...) it's seen as just another pressure on organizations who are working so hard to just stay afloat. They're not even like thriving, they're just working to survive. And yeah, I think we weren't always mindful of those dynamics. But when we were there was a lot of magic and you could see it in how we funded or the politics that each person brought - whether it was the lived experience, whether it was association with particular forms of thought, when those moments happened, it was magical. But a lot of the time, I think, even when we were just trying to survive our jobs. And I speak for myself. There were moments where you really had to like choose: am I going to fight the good fight today? Or am I just gonna be hidden and not exposed to so much scrutiny and sometimes an odd like resistance. But I loved that experience for my own journey because I realized that (...) like the things that matter you need to constantly, you know, be that voice - especially in spaces where certain populations are not represented or even recognized, or in spaces where you bring a different vantage point. And I really, really leveraged that I saw philanthropy is very political, and that's how I engaged.

But I also got to a stage - and I think with the MPhil as well, I had been thinking about my what's next. Because I love to practice but I also love deep learning, and I wanted to find a way to consistently emerge that joy into deep learning, and that joy for being in the world and supporting the work that supports social change. So eventually, after trying to balance everything, I think, there was a time where I felt like actually consulting is the next right tier for me. So I run a feminist consulting practice, and we work in the systems change in the philanthropy space. We also do a lot of organizational development work, facilitation for leadership development and lots of research, which gives me so much joy because then I can start sharing systems change stories and highlighting the complexity of it, you know, not the single black hero narratives of Oh, person X came and they changed the whole organization. Yeah, but I'm sure there's a lot more going on. So, I love that. I get to be a part of the stories. I get to support philanthropic organizations and other organizations to tell their stories. And at the moment, I'm working with feminist leaders around writing their own narratives of social change, and using that to contribute to scholarship around leadership and around social change.

K.H.: Wow. I'm just writing this down because you mentioned so many interesting and important aspects. Like what you just said, I feel like with this work in consulting, feminist consulting, you get this insight on what need or what is changing within organizations and what needs to change and how you can bring about this change, right? So you say feminist consulting, how do you understand this or what are you doing then exactly, in practice? How do you make organizations more feminist, so to speak?

I. 3: So, a lot of the times with some of my clients, depending on the nature of the work, the work may not necessarily be to support them to be more feminist, but it's to support their praxis around particular areas. So, I was working with an organization that was really struggling with their adaptive capacity, their capacity to really respond in crisis but also to like survive and thrive in the context of this big change. And so, a lot of what was informing my work was grounded in feminist politics and understanding, even feminist approaches to organizations, right. But the objective wasn't to make them more feminist. It was to support them on their journey.

So, I think part of why I specifically call it a feminist consulting practice is because the ways I work are aligned with my values, my values around justice, my values around equity, my values around collective care and wellbeing. So even with myself, right. When I work in a team for example, and I'm leading a team of people, my practice of leadership is informed by feminist principles. So I try to be as non-hierarchical as possible. I try to build capacity in my leadership. I really trust people. I listen deeply. I'm very empathetic. I take time to see the holistic nature of people.

So, if we have a check-in, right, with one of my clients, for example, and I'm working with the team, if I check-in with you, one of my check-in practices is the first fifteen minutes we talk about you, how are you, what is coming up for you, what is this work triggering within you? And then we hold space for that to be worked through that before we get to "Okay, these are the things I need to do". You know, so I really believe in the value of the process. The process is just as important. I'm learning to become less attached to the outcome. It's very difficult for me because I am quite outcomes driven but I see the value of the process and if I'm intentional about focusing on the process, what we can achieve together, is so much greater.

So, I focus a lot on like the inner life of my consulting practice, my own inner life, the inner life, because how I organize shapes what I will do in the world, right, and if I don't organize from a place of intention, and deliberateness, what then happens is that I end up perpetuating cycles of inequality and oppression, even harmful practices, that maybe aren't even aligned to what I need, but I'm doing them because this is how business is done. So I disrupt business as usual as much as I can, in the way that I practice as a consultant and as a feminist because I'm so keenly aware of how business as usual masks all these, really, things that have become are really not normal at all. So it helps me to bring a fresh curiosity to everything that I do and I'm constantly asking myself, why do I do that? Why do I work from eight to four? Why do I have to respond to that email and why is everything so rushed? Why aren't these spaces for rest in my schedule? Like, why does everything seem so urgent?

So, a lot of the times I'm trying to distract these cultures around like unhealthy working patterns in my own work right. Power dynamics in my work with others. I'm trying to disrupt practices of any inequality. So, for example, when I do work with people, I am very concerned about like, Are you being remunerated equitably? Why are you giving me more than this person? Yes, I've got a particular set of qualifications, but that person also has a set of lived experiences that are equally if not more valuable. So why do we use certain things to create these inequalities and hierarchies that then like reinforced classism in a way that we organize? So yeah, it helps me to bring so much curiosity into everything that I do. Yeah, and to be really present in it to observe how the small things that I do in my practice, in my work with others, how we can either reinforce what currently exists, or it can shift and start transforming those things.

K.H.: So, you mentioned some aspects like equal pay, and then also time for rest and yeah, just basically the human aspect of things, right. If you (...) if we take this on a more general level, like how can we assess a company and whether or not it's, I mean, you can call it gender responsive or just against inequalities of any kind, right? Because you're right, it's all about an intersectional approach. And it's not just about women and men. So, what would you say are (...) if you have to pin them down like criteria that one can check or is it not like that at all, and you have to really be in the processes and in the organization to get a sense of it?

I. 3: I think it's probably both and. I think there's value in being almost this impartial outsider because there's things you see with clarity because you're not immersed in the context, right? But the value of being embedded is that you know what the works, you know the history, you know what matters to the organization. And so, I think in terms of like metrics and the things that we co-create together in terms of frameworks that help us to assess and to work towards things. I know for example there's easy small little indicators, like when you're thinking about like health, care and well-being, things like, you know, how many days a week do people work? Do people work weekends, right? So, what is the extent of work life balance in this organization? So, there's an organization I know that I worked for in the past. We worked (...) formerly, you worked like forty hours Monday to Friday, but in reality, we were working weekends, we were working evenings. We were working 12 to 16 hours depending on the day depending on the situation.

And you always thought that was a season but actually that was just the culture in the organization. They had a big culture around overproductivity.

So also, things like, what is the current state of health in your individual employees? Do you have people who have burnouts, who have depression, who have anxiety because those are all signs (...) Those are all factors that are often influenced by workplace dynamics, especially things like burnout, you know. And even more so depression, because when you're continuously working, working, and you don't have a break, it does exacerbate mental health challenges. And then also things like snacks, for example, if your organization provides food or snacks, what kind of snacks are you providing, you know? Is there space for people to (...) How do people show up in the organization? Do I only show up with my this is my knowledge, this is what I know or can I bring my whole self to the world? You know, and how do you co-create these indicators that can give expression to that?

When I think about, for example, like equal pay. And some of the challenges are around the fact that companies don't often disclose, you know, or let me say organizations more broadly, they don't often disclose how they're paying people let alone how much they're paying people. So, I think generating the kind of trust where they can help you to peer behind the veil and see what's going on is often one of the trickiest things, but in countries where are mandated to report that's very helpful because you can use that as a baseline.

And then even, for example, when you're thinking about equity, right, we often speak about the unpaid care work of woman, but in organizations, they'll still have maternity leave that's different to paternity leave. So, in South Africa, for example, maternity leave is four months and then paternity leave is two weeks. And two weeks was the big tree because it was initially one week. So how are we then talking about the unpaid care work of woman and how we want to address this but as like a fundamental level around parental leave, you don't even have a uniform regime around that. So how do we like pump resources into that or change our practices to ensure that firstly, we just have parental leave, and not these gender beliefs that then further perpetuate women's unpaid care work. And then also how can we think about other practices where we can work in partnership with other organizations to resource people to take the amount time that they need.

So, I can think about a just transition for organizations if they're trying to shift their practice. So, if it seems unrealistic, to have a uniform parental leave policy in the beginning, you know, how do we build the steps together? And how do we build like a practice where we want to resource people, you know, and in such a radical and profound way that people can take four months, six months, a year, without feeling this burden, that they have to get back to work as soon as possible. Yeah, so that's another component.

Yeah, and I think because of the narratives that we have around expertise, education, that is a big driver of unequal pay in organizations, not only between men and women, but also people of different rank. People have different classes. And I know that there are some organizations who speak very openly about how much do you want to get paid for your work? Or who have transparent pay policies. So, they'll say, Okay, at this level, this is what you earn. This is the benchmark. So that transparency also helps with recruitment processes. Because a lot of the times there's a lot of opaqueness, right. And so, you negotiate in the blind unless you have someone inside the organization who can let you know.

But there are organizations who have decided that education is not the (...) enable someone to get paid more than their colleague who has X education or experience for example. There are organizations who have decided to pay people radically lower than an industry standard because of their understanding that certain roles are unremunerated. And then also thinking about the hierarchy in different kind of the jobs. So, I've seen organizations where it's the financial manager or IT gets remunerated a lot more than people at the same level in another profession. Right. And even these rankings between professional staff and General Staff create that kind of inequality in organizations that exacerbates class dynamics. So, by being curious about that, and seeing how you can shift those practices, you can use those examples as benchmarks of interfaces around equitable fair cheque practices in the workplace. I hope that's helpful.

K.H.: No, that is, definitely. And then going back to your work at [organization]. When you (...) you said some organizations are underfunded some get the funding. Did you in the selection processes also consider these dimensions or like what were your guidelines? Did they have any gender dimension to them, or more so on the childhood development?

I. 3: That's a great question. So, the kind of (...) my experience of the organizational position was that the preoccupation was on the strategy: Is it aligned to the strategy? Is this project feasible? Is it costed well? Does this organization have a track record of delivery and what will we learn, right? So, as you can tell, very neutral and gender blind. So, for me and my work I brought in that perspective. So, I mean, I looked at a lot of things but I think this is not isolated to DGMT alone, but I've seen this throughout within philanthropy. So, I've noticed oftentimes, in philanthropic practice, I've seen how, for example, black organizations are less funded, I've seen how language, right, is a big factor. People whose mother tongue was like a great command of English are more likely to get funding. People who have different access to the language and speak other languages, yes, will reach application but it's not seen as catalytic or we don't even think about language justice, and setting up forms in different languages so people can communicate their work in the language they're comfortable with.

And this is something that has come up a lot, like "yeah, I will look into it", but really the (...) or you know, they are just like blocked, when people want to do something. They want to have application forms in multiple languages, but the ability to then execute and go to the next step. So, there was a big implementation gap around really like kind of intersectional factors, and even things like internet access, right having a computer. Our form was (...) it was a very complex form and you could not do it on paper. You needed to do it online, on a laptop. And we know that this excludes so many people in South Africa. Despite how widespread smartphone usage is, or let me just say mobile phone access is, many people don't have access to a laptop and we also have (...) this is the fifth highest data cost in the world. And that form was complex. So, it would eliminate so many people already.

And then there were certain organizations who have been around for a while. They know how to spend the language, they know how to get money. But for newer organizations, right, who are still figuring it out, but are doing impactful work, they're less likely to get financing because they don't have that expert or that command in the language. So a lot of the times for us as innovation managers, our role was to do that lobbying. A lot of our work is actually the advocacy, you are advocating for organizations to access calls for funding and that's how you enable access to that kind of money and bring in those factors, but all the kind of more intersectional dimensions of grantmaking. Those are things that come like at the whim of people (...) let me not say whim. Those are the decisions that people make, you know, am I going to be political about my grantmaking or am I going to leave it in the realm of the technical and just, you know, this is the standard, this is what I expect, it is what it is.

K.H.: I'm just following the rules.

I. 3: Yeah. So, you can see there wasn't so much of an institutionalization of these considerations, even though people were thinking about it. They seem to be like, this is the template and then everyone brings that kind of individual expression to that template.

K.H.: Just checking on the recording. I'm going to start a new one now because it only has 30 minutes.

K.H.: So, that's a quick jump. But I also wanted to ask you about civil society and the role in these systems change and innovative changes. Because it was kind of my driver for this master's thesis or for the topic that, as I said, a big problem is companies are not disclosing as much information as might be needed to hold them accountable for their impact on society on people and the environment. And then if non-professional investors as so to speak a proxy of like, yeah, those who don't have a lot of capacity to put in the research or put in a lot of money but to still might want to do an effort, how can they then access this information or digest it? So, yeah, what I found is that civil society cannot hold these companies - the big companies specifically - accountable. And what would you think, like in your opinion, how can those practices like gender lens investing where you take those dimensions into account, how can they be mainstreamed so that more people can access these practices and implement them?

I. 3: I'll go through one of the things that I've noticed is (...) it kind of speaks specifically to feminist activism (...) is that there are certain places that are kind of more common for that kind of activism and other places that we leave out to our detriment. So, for example, a lot of feminists work with civil society, with research institutions, for example, right, and there's nothing wrong with that, but a lot of the times the activist work within companies, right, within investment, for example, within all these places that are not as common, it's tricky work. Because people who are in those spaces, what I've heard from them is that, you know, either (...) within feminist spaces, they feel like a sellout because they're not in the traditional spaces. And then within investment spaces, they are obviously quite out of place, right? Because of the politics that informs their work. And so there's this find that exists in the space but I think what is useful is we see more and more feminists declare their politics within these spaces and support organizations towards these efforts. And it comes with a range of dynamics to act internally and externally.

What I'll say about civil society's ability to hold companies accountable, especially to things like ESG (...) accountability is one of the trickiest things, both in philanthropy and in these companies. Because a lot of the times accountability is framed as to the board, right, and it's not an accountability to society, it's not an accountability to the communities you're rooted in. And I think in part ESG frameworks seek to bring that into the conversation, right, and even tools like the SDGs, for example, when I'm seeing a leverage within the private sector in particular, they're used as this approach to say, let's consider all these things, what contribution are you making? To the world, to the environment, you know, from this perspective. And I think my suspicion is that some of these like SDG, ESG frameworks have landed with more in the private sector, because they're framed in such technical ways that it kind of struck the politics of it a bit. And so it does kind of (...) there is a savviness that is needed to still retain the politics, even with a very technical, rational, instrumental approach to it. It's also a blessing and a curse. So, the SDGs, the institutional cost that comes with organizations like the UN and people wanting to seem responsive is useful because it gets people in the door. But the real politics that get the work going is often where people get stuck. Especially from an internal advocacy, lobbying kind of lens. And it is tough, I mean, it is so tough to hold companies accountable. What I've seen is a lot of feminists do network building and mobilization around particular things like tax, for example, or macroeconomic policy around (...) and recently around, like the internet rights, around Internet governance and stuff. So, this approach to kind of supporting accountability and lobbying actors through network building and movement building, I think is a critical approach. Because we know that individual actors in a system may try to shift practices but you need more than individual actors. You know, you also need those moments of collective advocacy, especially if your institutional position was compromised because of your politics or the things you believe etc, etc. And so, I think that approach really helps although, as you can imagine, I think the some (...) who get quite frustrated with the like, the advocacy real. Some people have felt that you know, you lobby, you lobby, you lobby. You go to see (...) you go to all these platforms, and these forums and these conferences, but nothing changes. So, I think that (...) what are the things that help us to implement the things that we've spoken about, that is a very critical tool.

And I just want to say that I see a lot of this like network building, movement building, you know, these professional organizations that (...) or associations that are set up to support people to advance, whether it's gender lens investing or ESG markers, or to integrate SDGs into people's work, those associations are part of the efforts towards systems change. Like movement building is part of the systems change landscape because that's the place where people refuel, get new insights, you know, and strategies around how do we support the work whether you're inside the institution or working outside of it?

And yeah, so the road to accountability is tough. It's very complex. I mean, even when I think about citizens, if it's to hold government accountable, when I think about South Africa, because this is where I'm based. It often feels like the is no accountability. And even when we have processes that reveal this is why this happened. This is what was improper. This is what was in line with whether it is legislation or policy or, you know, the frameworks or like conduct of politics for example, or in governance. We see that we know all these things, but they are no prosecutions, or no action is taken. So, I think just in general, we're in a time where accountability is even harder and harder. And the way organizations operate is becoming even more opaque and even more complex. Yeah, and I think that does demand of us to really re-strategize and find new forms of accountability for corporates, for organizations, for governments.

K.H.: That's an interesting take on it, like the movement building across organizations, across companies, because I feel (...) in my head I thought, oh, companies don't really do that, right. They are all in their silos, working on their strategies, CSR policies, whatever. And it would be great to also connect people from the departments and let them work on strategies all together. But then, I think, at least in the impact investing field, there are such umbrella networks associations, like, I think, even from the UN, the SRI, the socially responsible investment, I think. So, I'm gonna look into that to see (...) but that's (...) yeah, I like that idea.

I. 3: Because a lot of the times these associations especially the ones that are maybe less formal, or they don't have a website, they started by like individual people in (...) We're in the sector and I feel so alone in my workplace, I want to create a space where we can all connect. And so you see back inter-organizational collaboration, even though it's not official or formal but it may be happening, especially in spaces where people have some form of politics, whether it's politics around diversity, equity inclusion, whether it's politics around feminism, whether it's politics around transforming with empathy, transforming investment, there oftentimes are these support networks that then pick out the spaces for people to refresh, re-strategize and go back in fighting their fights.

K.H.: Yeah, yeah. And what would you say? What can the practice or those frameworks or even organizations from gender lens investing, learn from other feminist movements, feminist organizations? Do you see a shift between the two? Are they working on different things or can they learn from each other?

I. 3: I definitely believe they can learn from each other. I think the most obvious things that I think professionals or non-professionals working within like the gender lens investing landscape could learn from feminist movements, there's definitely things around like movement building. Like don't try to do the work alone. Because you will get tired especially if your efforts are not commonplace in your organization. Like they're not the mainstream. If you're the pioneer, the trailblazer the person who's coming up with it, it's gonna be tough. So, you need people, get people. Like some sorts of a support network.

And I think number two is around how feminist analysis helps us to politicize everything. Everything is political. Every single thing is political. And I think that lens helps us to bring curiosity to why do we do things the way we do them in our organization? Why is such a thing seen as important? Why aren't they? You know, and as someone in that organization, then your role is how do we champion the things that are marginalized and are on the periphery as a form of justice? I think also there's, there's such an interesting like, strategic kind of focus and thrust almost to both professionals and non-professionals in the investment space that feminist bring, you know, but that strategiqueness is different, in the sense that for feminists it's informed by politics, right? But for investment professionals, and non-professionals it may be a range of things, right. Maybe they're reading the landscape, and they're like, this is the opportunity this is an untapped market, right? This is the potential. And so, I think both of them can learn from each other in terms of the different expressions of being strategic, the different expressions around tactics and approaches in different organizational spaces.

Because I think one of the traps I fell into very early on into my journey of activism - and I guess I'm still very early on into it - is sometimes you can fall into the trap of using the same strategy in different places. But I don't think that's wise because have you read the context? Do you understand what the dynamics are in the space you're going in? And based on that reading, you know, how to enter that space. Like in spaces, maybe they like thrive on the research. So, you know they're in a particular space, I'm coming in with this is what the evidence says. This is where the evidence base is growing, these are the frontiers we've identified. In other spaces, they want you to come with your experience and you say this is what I've experienced, or this is what I've learned from my experience, and because of this experience, I believe we should organize in a range of ways. In other spaces you go in, and maybe it's not as conclusive. So, you may not immediately be able to say, Okay, this is what we need to do. Right, you need to build trust. You need to understand their priorities and then based on that say (...) be clear about where the areas we're challenging in organization, where the areas we're holding space for that organization to determine their priorities. And within those priorities, how do you broaden the space for inclusion, for equity? How do you broaden the space for justice within that context? So just really reading, reading a situation really well and understanding it, I think is something that we could possibly learn from each other as well.

K.H.: Yeah, that sounds very wise. Like, it's, (...) I feel like even within the field of feminists, there's also a lot of dispute on how we go about things and what's the right way and are you radical enough or not, or complying with whatever we're fighting? So, to see (...) just to communicate and see the different ways and the common goal is the most important thing.

I. 3: I will say one thing that systems change has taught me, as field of study, is that no one is outside of the bounds of your activism. So, a lot of the times in our work, there are like good guys and bad guys, there's a mental model around good guys, and bad guys. There are like these people, you will partner with because they're aligned to your vision. And there are these people that you will not engage with because they're perpetuating injustice in a range of ways. What I'm starting to understand through systems change, right, is you need to foster relationships with different parties within the system, because all of us are contributing to the system in a range of ways. So, if one were the most critical thing in a system is the relationships between people. If we fragment ourselves in our good corner, right, we miss all the opportunities to build connections, unlikely partnerships, and this is a lot of the DGMT language as well, that helps you to catalyze possibilities, you know.

So yeah, sometimes I feel like there's no one that's out of bound in a sense in this work because we're constantly building alliances in order to respond to the complexity of the situation. And what I really love about a systems change practice is that it reminds us that systems are made up of people, right? If we did nothing, systems wouldn't exist. So, we need to remember that organizations, institutions are made up of people and start cultivating not only those relationships, but our ability to see each other in the landscape because that breaking down the fragmentation and the sideway really then creates a lot more possibility and our work.

<u>K.H.</u>: My last question, maybe just to sum it up. And we've talked about several aspects already but if you were to design a selection strategy for those companies, especially with the challenge to really deeply look into the organization because you cannot do that if you're just looking at lists of companies, their names, maybe their websites. So how would you go about that, like on that level of insight you can get? Where would you start, how would you go about it?

<u>I. 3:</u> So is the selection criteria for like selecting which organizations you will work with, or just like developing this framework of how do I know which ones to partner with.

<u>K.H.:</u> Not to partner with, but in this case, specifically, to invest in? Like where do I put my money, even though it's another conversation of how directly this money is going into the company, but just assuming that with the money you put on the stock market and in which stocks is somehow a political decision also, how to go about the selection process. Like this company is going in, and this one is going out.

<u>I. 3:</u> Yeah, I like this question. And I'm not going to touch on the like, kind of the more mainstream investment stuff because I think there's a lot of that already.

<u>K.H.</u>: Yeah.

<u>I. 3:</u> I think like (...) one of the first things I think (...) are the people who are involved in this organization, or leading the organization, have they experienced any forms of discrimination, of marginalization, of injustice, that has resulted in their starting this organization to respond to the issue? That would definitely be one of the first things I would consider because what we see more broadly in the international development, civil society space is a lot of the funding for social change work goes to international NGOs, like huge mainstream NGOs. And like, the process of them like having a sense of what's going on in the community, what are the things that matter is lost. And so, there's a lot of disconnect in that dynamic. So, I think like how rooted are you in your community? Do you have an experience like this and how does your experience inform the work that you're doing or even how you are organizing within your business, within your organization, etc.

I think another thing for me would be your history? So typically, in philanthropy, when we talk about an organization's track record or history we're looking at Have you been funded large sums of money before so that we can fund you. But I want to flip that a bit, because a lot of the times the reason organizations don't have access to a lot of investment in like a significant way is quite structural, right? Yes, there are parts of it that are linked to a development journey. But you know, there isn't a guarantee that just because your organization's 20 years old, you'll have all this funding. You've seen many organizations that have sprigged through for decades. And so my selection criteria, another factor is Have you received significant funding before? You know, like, if not, can we be that person? Right, that backs you, that supports you to be capacitated enough to do the work that you need to do?

I think another criteria for me would be around even just the budget, a lot of the times the budgets that organizations submit for financing are a very stripped down version of what they actually need. Because in the space you've been taught to live up the price. You know, so what would it look like to have enough? How would you resource the organization? What are the programs we have internally and externally and how do we partner with you to get there? And I think also opportunities around learning. What is the organization curious about? What would you like to learn? How would you like to be supported to learn? A lot of the time, philanthropic funding is linked to expertise, right? We've done this, we've established this, therefore fund us to continue that. And even when you are pioneering, you're pioneering is based on your track record. But what that does is it leaves out a lot of newer organization who have this thing that hasn't been done before or have this particular slot at it but are not getting funding because they're newer. So how do you then channel resources towards those organizations so that organizations that are supported to innovate are not only the more experienced ones who have applied, but even smaller emerging organizations have access to resources that enable them to continue to innovate and to research.

Another thing for me is, like in that (...) wherever they are based, right, what's going on in that community, you know, What place does this organization play in that context? You know, a lot of the times we don't read the landscape in that way. So sometimes you end up funding an organization that is actually (...) that has very (...) a tough relationship with communities, whether it's a community feels like they use their stories but don't invest in their (...) own range of other dynamics right? Communities are like all the power dynamics, but oftentimes because of the hierarchical nature of international development, we see like we romanticize the local. It's local, so therefore, it's good. No! Yeah, yes and no. And so, to be able to read that community context, say what is going on there? What is the place of this organization in that landscape? Is this organization contributing to transform an issue in that context, or is it entrenching and perpetuating the power dynamics that already exist in that context?

You know, to give you an example, if I live in a community that's homophobic, and there's this organization that works with men, but the narratives that they have around men, is like men as a provider, around very like typical heteronormative and quite toxic representations of masculinity. If we fund that organization, we can't they we're committed to a reduction in sexual and gender-based violence, because we're funding an organization that furthers some of the ideas, the thinking, the mindsets that perpetuate homophobia, right? So, to be mindful of that context, to read, I think, would be important as a criterion. What role do they play in the broader ecosystem? Even in the sector itself, what role do they play? How much of the funding do they get? So, for me, for example, an organization that gets a whole lot of money, I wouldn't really consider them because they already have so much access to a range of resources that can adequately support their work. I know that in a sense sometimes (...) even though you can get a diverse range of funding streams, it may not always meet your needs, or your desires, but there are organizations who don't even get the basic.

So, from a feminist lens from a lens that is mindful of inclusion and justice, I think, yeah, your history or what have you gotten? Do you have access to a range of streams and if that's the case, can you make space for other people to also have access to resources that they wouldn't ordinarily have? Just because of your access, your access is so different. So, I would prioritize specifically organizations that haven't had as much access.

K.H.: Yeah, that makes sense.

I. 3: And then I think the last thing for me would probably be around you know, how in sectors, there things that get funded and things that don't. So, there are things that are considered important and interesting and things that don't. One of the things I would be mindful of and include as a selection criterion is, is this something that's already invested in? Is this something that is known and appreciated, and therefore resourced? Or, you know, is this a newer emerging topic that's maybe neglected, ignored, or not as supported? And I think my criteria would lean towards things that aren't supported as much because of the difficulty of attracting that kind of funding. So naturally, and as you can imagine, for example, I know that forms of queer activism aren't resourced in the ways that they should. You know, feminist activism, women's rights organizations, advocacy around sex workers around trans rights, for example. These issues that are important but are marginalized for a range of reasons. Those are the things that I would center and also create space to discover new things that are marginalized, you know, because we know our specific set of like sectors or industries and so to use (...) to leverage the applications that you get or the pitches that you get to really support your learning so that you're constantly re-discovering a sector, a context, an industry and then making decisions based on that.

K.H.: I feel like sometimes, there's not even a label for it yet. Like a lot of programs run under gender-based violence and this economic empowerment and this and this. And maybe you're not, yeah, you don't have the site for it all or even (...)

I. 3: Or you're still developing the language for it.

K.H.: So, I think that's all I have. All I wanted to know. Thank you so much.

I. 3: Thank you, that was very interesting.

Interview Transcript: Interview 5 (E)

Research project:	Investing with Impact: The Case of Gender Lens Investing for Non-Professional Investors
Date:	16/03/2022
Time:	3:30pm
Duration:	40 minutes
Place:	Vienna, Austria

K.H.: Perfect. Yeah. So why don't we start off with you telling me a bit about your work what you do?

I. 5: Yes. I've been in the financial industry for more than 20 years. I started my career in politics. I've been in the [organization] for five years. But then we failed to come in again. And so I started a company with a colleague from my political job. And we founded a company called [organization] and we did introducement services for fund companies that didn't have their own sales force in Austria. Focused on the theme (...) on absolute return. That was the name of the company, [organization], it has been hedge funds, managed futures, private equity but also emerging markets in the liquid space. And that has been the products which we have been most successful with. And we did introducement services for them to pension funds, insurance companies, severance payment funds, fund of funds companies and yeah, institutional investors. Then in 2012, the first green bonds came up and I thought it would have been a good time to change strategy from hedge funds to sustainable finance products, but my partners didn't have the same opinion. And so I decided to quit and I left the company.

Then I did two years something completely different. I built up a restaurant with my inbetween ex husband. It's a restaurant and a party location in the Eighth District. It has the same name like me, it's [organization]. And now my son is running this restaurant and location. Yeah, he's doing a good job. And I will become grandma in June so I'm quite happy with him.

But then I decided to go back to the financial industry. And I started to cooperate with friendly competitors. And I did introducement services again, but now focus really on sustainable products. So we did introducement services for the first water fund, water energy fund. It's a German company, it's called (...). And wind and solar funds, so more in the energy space. But we also has a mandate from liquid fund managers in (...) one was a very, very successful fund. It's called Global Evolution and he is investing in fixed income instruments (...), and he's doing his portfolio selection collection through a ESG filter, and he has developed some criteria with the European World Bank. Yes, we had a really big success. And one really, really big investor for Austrian circumstances.

And I started teaching sustainable finance, together with Susanne. But she has been in a different circle of life because she has two small children and building up a meditation center. And I wanted to do more in that sustainable finance space. And so I decided to quit again and started my own business in 2020. And yes, then I rolled up my teaching possibilities, doing on [organization], and some at the [organization], and [organization] and some seminar providers. With sustainable finance and reporting about sustainability. Yeah, where are the risks and all that stuff. Then I wrote a book. It's [book]. I can give you a folder, you can take a look if you want to.

K.H.: I actually have it in my shelf.

I. 5: Really? Thank you very much. So you know what's in, its theory, but also some praxis. And then some, some companies asked me, some companies and funds asked me if I want again to do introducement services for them. But in the years before, I only did it for funds, but now I'm also doing it for single companies. And I'm not only more attracting institutional Austrian investors, but international venture capital funds that have a focus on impact. That's circular economy, that's nutrition, that's green energy. That's a combination of that in emerging markets. And I have one fund that's run by a woman and one company that's run by a woman. So I also have a little bit experience regarding the gender perspective. Yes, I think that's what I'm doing.

K.H.: Yeah. So a long history of different angles to look at sustainable investment. I'm curious since you just mentioned the gender dimension. How does gender come into play in your work? Do you consider any gender dimensions within this impact investing field and approach to, I don't know, select funds or select partners? Or whatever it is?

I. 5: Yes, the one fund I'm promoting, it's called Educate Global. It's run by Sandrine. I don't know where she comes from originally. I think she's french. But she lives in (...) I guess Kenya, but I'm not quite sure. And she's running a fund focused on three themes. That's nutrition, education, health. And I would say the roof of all that is gender. And she's specially looking for companies she she wants to invest in - it's a closed end fund, private equity fund/venture capital fund. And she's especially looking in companies run by women. And then I have another contact, she's (...) it's NIA investment, NIA crowdfund. And they are starting a fund and crowd investment platform. And she's actively looking for female founders. And I have a cooperation with a climate related impact hub in Africa. If the right synopsis, one of the most important lines is female founder, and the really mentioned it. And one of these companies is a nuitrition company in Ghana and they are doing insect proteins. If you make (...) you make proteins, not of pigs or cows but of insects. It's palm larvaes so the little things that live in the palms, I guess. And her name is Shobhita Soor and she has been one of the founder of the biggest cricket farm so she's very experienced in insect protein. And a quite successful woman. She's Canadian, but she moved to Accra, the capital of Ghana, to to build up the business there. I think it's now at least in the impact space, a little bit of advantage, if you're a female founder. It's not like in the old financial industry with the old white man, the impact scene is different.

K.H.: So maybe I start off a little by telling you about what I'm looking at for my thesis now and then you understand the direction where I'm coming from. I researched a lot about impact investing and generally or more specifically gender lens investing. And I got the impression that one group that is not yet in the impact investing space really are actually retail investors or non-professional investors. And I found out that for them, it's really hard to understand, like how sustainable a company is, to get the right information in the right format, to make those decisions that are (...) that can be considered impact investments. Just for their pension funds or Yeah, in listed space. So stocks or funds. And I'm trying to understand how gender lens investing as a practice that is rather niche and rather in the institutional or private equity space, how this can be mainstreamed for retail investors. And I'm looking at two sides specifically. One is the regulation part because I feel in the European Union, there's a lot changing with the EU taxonomy and certain reporting standards that are coming up and then at some impact frameworks that actually look at gender, a gender analysis and how you can bring it into the investment analysis. So what I'm trying to find out is how non-professional investors can actually go about it and do gender lens investing. So maybe, first of all, like what is for you the practice of gender lens investing? How do you understand it?

I. 5: I think there are two approaches. One is a funds or companies run by women. So they decide and they select the companies they invest, if they are a fund manager. For sure, I would (...) not for sure, but in the impact space through a gender les. That's the one thing. The other side I forgot right now. What did I want to mention?

K.H.: Firstly, are run by women and (...)? Maybe I rephrase the question and (...)

I. *5*: Yeah, maybe it comes back.

K.H.: What makes an investment gender responsive to you?

I. *5*: The other side, maybe I (...) let's say the so called soft themes. Which should change for sure, but is still in place. So if it's, if it goes to crop tech or digitalization or that that kind of stuff, it's more men dominated, but if it goes to nutrition or health, or education, that soft themes often (...) more often women are in responsibility. So (...)

K.H.: So you're saying investing in these fields will eventually benefit women more because more women are involved and more women make use of services?

I. *5*: Yes. Another good idea: You know, the instrument of microfinance - which is not allowed for retail investors in Austria for some stupid reasons, nobody knows why - you can do it by a fund of funds. But these ones don't earn any money anymore, because there were too many. But there were a lot of microfinance institutes that are focused on women, or at least have a specific code that some of the money has to flow to women related business. So I think that's a really good idea to promote or to do female investing. Yes, crowd investing, if you do invest money via crowd, but you also can take a look who is in the leadership level if there are some woman or not. And maybe it's not an answer to your question, but it's also an interesting experience I once made. One of the funds I did introducement services for, was Global Evolution. It was settlement to market fund (...) and they had an ESG (...). And we once had a discussion and I asked the fund manager, the CEO: If there was only one aspect which is the most important one? And he told me it's women's rights. If they are improving they tend to enlarge their position in those countries, and if they tend to minimize and if there were some troubles, they tend to taking out their money.

K.H.: So they're looking at the national level.

I. *5*: Yeah. Yeah.

K.H.: Interesting.

I. *5*: Yeah. How do women's rights develop in their space of countries, it's about 190 countries, or something like that. And they do their job for really a long time and it's a real experience: when women's rights improve then (...) yes, they take care for, for their children, they take care for the future, they care for education, they take care of nutrition. And if they get access to education, which is for sure one of the most important rights for women, then things begin to change. Yeah, yes. You get a female point of view.

K.H.: And did that person tell you which parameters exactly they looked at when, when it comes to women's rights?

I. *5*: They had some they developed their own criteria via the World Bank. And one of the things, I don't know, for sure they refered to ILO, and to some other standards, but it's Global Evolution, the fund is called Global Evolution, they sit in Sweden, I guess in Sweden or in Norway. Maybe you can find some some answers there.

K.H.: Yeah, definitely gonna look into that. Because it's actually (...) yeah, it makes sense. Like, wherever the company or the fund is active, your more or less supporting whatever is being done in that country.

I. *5*: Yeah, but from the investor's perspective. I'm really afraid, if you go to your house bank, and ask for this stuff, they won't have any idea what they should recommend for you as an investment manager.

K.H.: Really, they're not into impact products yet or why is that?

I. *5*: Did you try it once?

K.H.: Actually, yes, I did. It's frustrating. Yeah, but I'm wondering like, I feel more and more sustainable products are coming up, but then it seems like on the other hand, the expertise for true impact products and funds is not there yet.

I. *5*: You know, we have Article 8 and Article 9 products, but we have no exact definition. So it seems like every fund company and fund manager has been sustainable for his whole life. Which definitely is not true. And yes, we have a big challenge regarding the risk of greenwashing and impact washing and social washing.

But there are some movements in the right direction, I would say. We have, I think starting mid of this year, also Vermögensberater and those guys, dealing with those things, have to ask you about your sustainable (...) Nachhaltigkeitsaspekte (...)

K.H.: Preferences (...)

I. *5*: Yes, yeah. Till now they only have to ask your risk aspect and how long you want to invest your money but now they are pledged also to ask you your sustainability preference. And I think nobody is really prepared for that, to be honest, but they have to.

And there are some things coming up like the social taxonomy and the Lieferkettengesetz and all that kind of stuff as an influence, I would say, on women's position in the world.

K.H.: So you mentioned greenwashing, pink washing, social washing on one side and on the other side, that maybe the consultants in the bank, they're not prepared yet. If we think about this more broadly, what are hurdles or also potentials for retail investors to engage in this practice? Or is it mainly those two aspects?

I. *5*: The lack of financial literacy. And that has its roots in a very old educational system. It would be so important to get a basic information about how the connections between industry and financial system and everybody of us work. Nobody is (...) nobody knows it. I have a lot of friends that are very studied and they are, I don't know, doctors and therapists and that kind of stuff, but they have no idea but the financial business. That's really unbelievable. Yeah, they don't even know what is a bond. And we don't speak about green bonds or social bonds. We just speak about a bond.

K.H.: The general system and how it works. Yeah, definitely.

I. *5*: Yeah. And everybody wants to (...) I think a lot of people want to invest sustainably but I mention it a lot of times in my book, you have to be interested in the themes and you have to build your own opinion because the answers are not easy. Yeah, and sometimes you have to make a decision between climate risk and saving nature. And if you think somebody will come and tell you that's sustainable and that's not sustainable. I think that won't work that easy.

It's all about your own values. And consulter in the bank or freie Vermögensverwalter, you know, they they just want to sell the products of the guy who is paying them. So, it's not easy.

K.H.: It definitely isn't. But if we (...) like in the impact investing space there are a lot of measurement practices, a lot of indicators that are being discussed. Do you know of any frameworks or checklists that people - if they are interested and if they want to get the information - they could check, especially for gender, some sort of quality sign or (...)?

I. 5: I sure have mentioned some in my book, but I don't remember right now. I mentioned that index, about improving (...) or becoming worse regarding women's situation. I know that their index exists, but I'm really not aware of any financial product that is directly referring to it, not now. I just know it because of the one company I worked with. That they take a look on it. And you see some of the colorful SDGs on the fact sheets and maybe you can take a look behind it and make your own opinion, but I think it's often very superficial.

K.H.: No, I agree. I feel like the SDGs are used as a communication tool. Because that's what people know about sustainability in general. But often if you look further, there's not much information about how this investment can really contribute to SDG x y z.

I. 5: You know, on the liquid side they have all the sustainability rating agencies, which sometimes really come to interesting conclusions but one and the same company receives a top position with agency A and a flop position with agency B because they don't have reliable standards right now. Which maybe will change if we have the EU taxonomy, but right now we only have two climate rules who are still missing and they don't have any social goals defined right now. But besides that (...) and we have this mess up for article 8 and 9 products and what is impact at the end of the day? And I know there are some more or less academic institutions that try to define what is impact. Maybe you have heard of Phineo?

K.H.: No, not yet.

I. 5: They do impact measurement. And one of the working groups in the Deutsche Bundesinitiative Impact Investing (...) one of the working groups is also thinking about how can we measure impact and there are some theories like IOOI theories - input, output, outcome, impact theory (...)

K.H.: The logical framework?

I. 5: Yes, but I'm not deep enough in to say if there are some aspects of gender. I just know there are the frameworks. I have two other ideas. One is a venture capital fund run by women. I know her name is Pumke or something like that. But I have my computer with me. I can show you afterwards. So there are some movements. There are some developments. And there are also some networks that are focusing on women investment and how they make differences in guiding their decisions. I can send you some links.

K.H.: Thank you.

K.H.: Yeah, I agree with you that sustainability rating agencies (...) there are articles about it showing how the results do not correlate at all because everybody has their own definitions and yeah, it's a mess, basically.

I. *5*: Yeah.

K.H.: But the big problem I see for non-professional investors is that they don't even have access to these ratings. They cannot even have a look into them and how things are being measured. So do you see any chance for them to get this information about individual companies?

I. *5*: The big companies are forced to write a sustainability report. In Austria, the basic law is the NaDiVeG, the Nachhaltigkeits- und Diversitätsverbesserungsgesetz. And there are some (...) there is an award in Austria, it's the Austrian Sustainability Reporting Award, ASRA, it exists for 20 years, I think. And he is analyzing the suitability reports, but I don't know if (...) maybe they mention some gender aspects. I'm not quite sure. But in these reports, I think if they are good reports, then you will find some information about it. But then you are on the single equity investment, so I mean (...) I'm not aware right now of any fund that is focusing on that aspect. But they are quite innovative. So, I'm quite sure there will be one. Maybe there is already one, but I'm not aware of it.

K.H.: Okay, so sustainability reports. And then it's really the challenge (...) you would basically have to look into each and every company and read through the report and then maybe you would be able to compare some information. But yeah, that sounds like nobody would actually do that or nobody has the time, right? If it's not your full time job to select those investments, it's really hard.

I. *5*: It would be an ideal way you could find some information. They are forced by law to write those reports. So, we're moving but we are moving very slowly.

K.H.: Yeah, that was actually also the idea for my thesis to match the information on what companies have to report. I want to figure that out, because it's also not that easy, since laws are changing all the time. But then also, like, what do you need to look at in these reports and how can this come together? Which indicators are relevant for gender that you can actually find in the report?

I. *5*: I'm not really an expert in that space, but you have the Global Reporting Standards. They change every year, last year they have changed again. And you have the EDGAR, the European Financial Reporting Association (...) And they (...) that's the European Standard and then you have the international standard, it's the IBS/ESS, I don't really know. They have a match right now, which standards will make the way. I think there are some ideas to steamline it. Yeah, but right now, there are still a lot of discussions.

K.H.: Yeah, but maybe I could look into these and see what they're saying about gender. And then hopefully, those companies that adopt these standards will then have the information.

And we talked about the EU taxonomy and those developments a bit. Do you think they're going to change something for retail investors? Maybe also in the transparency aspect and what people can look at?

I. *5*: Yes, for sure but they have to move. It's a first step, and I'm quite happy that we did the first step, at least. But there will be a lot of trial and error. There will be a lot of trials to do pink and green washing. Yeah, but it's better than nothing. Yeah.

K.H.: Okay. I think those are all my questions I had for you.

I. *5*: Good.

244 **K.H.:** So, thank you so much.

245 **I. *5***: Thank you.

Interview Transcript: Interview 6 (F)

Research project:	Investing with Impact: The Case of Gender Lens Investing for Non-Professional Investors
Date:	23/03/2022
Time:	1pm
Duration:	50 minutes
Place:	Vienna, Austria (via Zoom)

K.H.: Hi, do you agree that I record this?

I. 6: Sure. Sure, sure.

K.H.: Now I have two options because I'm using this app that is simultaneously transcribing it. And yeah, it's super helpful. Otter, in case you don't know.

I. 6: This is a change to previous times, so you have to do it yourself. I had to find a service which was quite costly.

K.H.: Yeah, it's still time consuming to check everything and see if the, the artificial intelligence got it right or wrong, but it helps.

I. 6: Okay, cool.

K.H.: So let's jump right in. Maybe we start off by you telling me a bit about your work, which fields you're coming from and yeah, what you're doing.

I. 6: I studied engineering in Vienna. And my first job was in investment banking, and in the financial crisis 2009 I went back to academia and did my PhD/dissertation on social finance in [city] and spent another four years working as a postdoc at [university], also in Germany. I was working at the interface between social innovations, corporate finance, impact investing, so like, how can you use finance to support something meaningful? Since 2016, I'm back in Vienna and what I'm doing most of the time is working for the European Commission. And the more, we are running a technical assistance program for social finance enterprise intermediaries, so it's roughly 30 intermediaries and we're working with them on topics such as financing instruments, strategies, impact measurement, but also lately on data science, like a range of topics and in capacity building and improving what you're doing. And also doing a lot of workshops on, as an example, now we're running a social finance and invest module, where we have like 10 sessions, and then it's really focused towards the junior analysts. Where we work on valuation of social enterprises, fact modeling, impact measurement, data science backing these investees (...) So it's a broad range, a broad range of topics.

K.H.: And in this range of topics, especially with regard to impact measurement, do you also consider gender dimensions or like, how do these models of measurement look like?

I. 6: We did a study for European Parliament probably two years ago on human rights. And so we looked at like everything what is happening. And the thing was, people don't even use human rights in their due diligence process. It's not something (...) like we are looking at investors outside of Europe. And, and the thing is, people don't really need to (...) like if you say you want to improve, let's say education in India, you want to improve healthcare in Kenya. Why would you start considering your impact on human rights? It's like almost self-evident that you're doing something good for society. However, what we said is like, it makes sense to think about like, a wider perspective and like to think like, what does it mean if you, let's say you launch a new transportation model, or new healthcare clinic, like what is the impact on the existing infrastructure? What is the impact on the (...) like, can everyone have access to these models? Like is there some kind of courting out? So, there's always some kind of unintended consequences. But always something where you could consider like, what is the impact of your work? I've never met anyone who said that they're doing gender lens investing. I've met (...) I mean of course, I'm reading like the American publications, and some of them were saying like gender lens is the new big thing. But then again, I've never met anyone who's actually doing it. And maybe coming back to your or going again to your next question, probably, is like (...) it's a bit tricky, like in a European context, like, it's hard to imagine a business case of someone like saying like, how could you invest into like what you said the gender gap or the gender inequality, which surely exists. But like, how could you think of a business model which helps to reduce the gender inequality? It's a bit hard to say. And then then again, if you look at the public capital market, it's also tricky, like, how could you possibly set up, like, (...) First of all, you need to decide, what kind of companies do you want to invest in? Do you want to invest in those companies which have the highest proportion of female board members? Or do you want to invest in those with the lowest number of female board members? So just like do you have an activist approach, or do you have a (...) like to go into the best in class, or do you use this momentum approach? So, there are many things it's not quite clear which one would be the best strategy.

<u>**K.H.:**</u> I feel like that's true for the impact investing field in general that people have different approaches, either they say, yeah, they want to support the transformation and with the right that comes with your stocks go into the boardrooms and implement some change there. And others say no, we want to support and channel money to where people are already pioneering in those impact fields, right. So (...)

<u>**I. 6:**</u> But then again, like, I'm not aware of any company, which is saying no, we are not trying to improve our gender balance. So, it's like (...) it's something where people, what is somehow (...) like every company is trying to (...) is integrating it in their general strategies. So, it would be tricky. Like, where do you go first?

<u>**K.H.:**</u> Let's say you want to find the companies that are doing well and put your money there. What would you say, like how do you find (...) how do you define doing well in terms of gender? Can you think of certain criteria?

<u>**I. 6:**</u> I mean, like what people in the literature are saying is something like you're looking at the gender pay gap, which is tricky, because you need to have some kind of regression analysis. So, because you have many influencing factors and then, like, how do you compare part time and short term? How do you compare different functions? So, this would be tricky to implement as a public investor. I mean, you could look at the board composition, at the management, at the supervisory, and the national board composition. You could look at the products they're offering, so for example, I could imagine it, you know, there are some companies which are providing childcare services, like kindergarten at the companies. For example, you could consider investing in companies which are producing hygiene products, like that kind of aspects.

<u>**K.H.:**</u> Yeah, that's (...)

<u>**I. 6:**</u> But then again, it's like what is the impact if you're just an additional investor? Because the money you're investing is just going to another person so someone is selling you the stocks and

that. It's not going to the companies. I mean, of course, you have like indirect effects because you increase the demand for the stock, which is good for the company. But then again, it's the (...) it's not somehow (...) the money doesn't go to the company.

Which is like the trickiest thing if you (...) I mean, if you look at ESG and like all this impact criteria in the public markets it's really - and maybe this is something for you to work on in your future - is like, what can you possibly find to really predict performance? So, for example, there was no one who was actually predicting wirecard. Wirecard fraud, there was no one predicting the Volkswagen Diesel scandal, there was no one predicting anything. So, like this, really, like start of them has any track record in predicting anything.

And then again, it's like, it's (...) what is also quite annoying about this ESG sector is, for example, I'm not sure if you've seen it as like Citi published like in notes weekly. Citibank published a note saying the defense is a new ESG stock which is also annoying, like why should you (...) you're investing and then someone says like defense is the new ESG stock? I can understand it, but it wouldn't want to (...) if I would be an investor, I wouldn't like to (...) if I would be an ESG minded investor, I wouldn't like to have it in my portfolio. But then again, I know many people they don't belief like (...) what you see for example, if you take like the large co2 pollution companies like in the cement industry or whatever is (...) or the coal mines, you need to have them on the public stock markets because then you have the accountability, then you have the transparency. Like once they are not listed, it's really hard to track what they're doing. But it's happening in the thermal coal mines. Like all of them went private, and this really decreased the transparency we have in this sector.

K.H.: Oh, I didn't know that. Companies would therefore avoid the stock market. That's interesting.

I. 6: I mean, it's like (...) I mean, what's happened is like the coal mines they were part of larger companies. And then the companies didn't want to keep the scrutiny or like didn't want to have the disadvantage of owning them. And then they just sold it to some private companies. And then it's like, it's the same business as before, but you have less oversight and less information. And you can't commit them to do anything. If you're a public company, you can at least say, well, I try to reduce like my co2 emissions, or whatever.

K.H.: Yeah. And speaking of those disclosures, there are many regulations coming up from the European Union side and since you're working so closely with the Commission, do you have any insights in these processes, in terms of what companies will have to report and how this might also change the investment practice of retail investors and what they can actually look into when they look at companies?

I. 6: It's (...) I think the green regulation was a good relation. Just having a disclosure and just knowing like what is happening. And also in relation to the Green New Deal. But people are saying, like (...) there are a couple of things. The first thing is that Europe is somehow like the homebase for many funds. So, and then if you regulate like European fund industry, you have like a huge impact on how businesses are conducted globally. So, it is a good thing to happen. The second thing is, it's a bit similar to (...) is that you have objectives (...) it's people don't really know what is this good for? So, the thing is, like, let's say you have the policy objective that you want to improve the living conditions in Europe, which is perfectly fine, everyone would support it, but how would you do that and nobody knows how can you achieve this policy objective by regulating or by implementing taxonomies? So, there's (...) for me, it's not quite clear like where's the link between the policy objectives you want to reach and the measures you're taking on a policy level? And this is something what even people working on policies often say, it's tricky to (...) like what is the relationship (...) and like, you have so many layers of interdependencies.

So for example, if you look at the current war in the Ukraine like what is the balance between inclusive (...) like, what is the impact of the sanctions on the living standards for people in let's say Vienna? It's not an easy trade off, like someone is paying the bill. And someone has problems of the heating price next winter. And that's not quite clear. So, if you see well, we want to regulate it, like what is the transition? What is the best? How can you get there? This is something what is still missing? Everyone supports the goals but like how do you get there and what is the (...) what happens if you redirect trillions of capital to other sectors? What is the impact and what is this all good for, is something that is still missing.

So then, for example, if you do (...) if you say something like gender lens investing, and then you see well, like, what are the unintended consequences of saying, well, we only allow investors to say, I make it up, let's say you're only allowed in companies which are 50% female board members, which is a good thing. But then again, like what are the consequences of this and how do you get there, what are the implications? So, the transition and the best is not (...) at least to me it's not too clear.

K.H.: So, you're saying these regulations, they somehow make sense in terms of where should we put our money, like, which companies or fields or industries qualify to support our goals, but then to actually measure the impact that this money is having, that's still missing?

I. 6: Yeah, maybe I would phrase it differently, like saying, you have so many interdependencies. If you look at the literature of economic growth, it's really, really, really tricky. How can you, for example (...) let's say you want to increase the growth rates in Kenya, how do you do it? Do you go in entrepreneurship? Do you go in capacity building? Do you do infrastructure? Do you do better governance? Do you just give like cash grants? Do you try to improve the experts regulations? Do you deepen the import regulations? Nobody really knows. The same thing is like, it's easy to say, well, we look at the stock market and say, everyone has to employ 50% women. But then, what does this really mean in practice? And I haven't seen a single study which really dissertated somehow conclusively for me.

K.H.: Yeah, you're right, it's very (...)

I. 6: But then again seeing, like, I mean it's also obvious that what is happening now is also a shame and that people should employ more (...) companies should employ more women. And then like also in more meaningful and responsible positions. But then again, like how do you make it meaningful?

K.H.: Yeah, so that (...)

I. 6: And what you do is, for example, what you do is (...) like are there industries (...) let's say, I studied engineering, and in engineering 10% of the students are female. So, what does it mean if you have like 10% female participation in studies, like how does it (...) what are the implications for companies? How do you get it right?

K.H.: Yeah, I think what a lot of those issuers of impact frameworks or standards are doing is then to have industry specific standards. But yeah, it's hard to set the benchmark and say, well, this is now gender responsive, and this isn't. So yeah, I'm also trying to find out what could we look at to get closer to that insight of a company? How can you see which one's trying better than others? Or which ones are more gender responsive?

<u>I. 6:</u> I guess, the other thing is, every company knows that it's like, it's a good economic choice to increase your pool of talent. And to have like a more diverse, a more gender balanced workforce. I think, everyone knows that. I wouldn't really believe that companies would say No, we are against hiring gender equal.

<u>K.H.:</u> Yeah. But still, it's not happening. Well, not to the extent that would be necessary. Yeah.

<u>I. 6:</u> I mean, what is good in this, again, is if you look at the activist approaches, where people are saying (...) but then again, like, if you look at this gender activist approaches, would you buy 5% of the stock just to change the gender policy? Like they are rather trying to work on, like, other let's say more pressing topics. So again, it's like, it's like you have priorities, and then like, what is the main priority you want to get to?

Maybe something that you could also target in your master thesis is how do you compare different target groups? Like how do you compare (...) Like, if you, for example, if you look at racism, which is also like (...) For example, what I really believe works quite well in the US, for example, is like this black community investing of black investing or however you want to call it. So this really makes sense because you have like a good investment opportunities and then you have like funds or I don't know how they are called. But if you look it up, you find them quite easily. Many funds have set up something in this area.

<u>K.H.:</u> Yeah, I'm gonna look that up. So maybe we can talk a little bit about retail investors generally and how they play into this field of impact investing or gender lens investing in particular. How do you see their role there? What are challenges? Will they play a bigger part in the future or are they even already playing a bigger part?

<u>I. 6:</u> The main problem is that if you want to create impact it's mainly done in private companies. Let's say those, like venture capital style, social venture capital or social (...) like if you invest in private companies, then you can really have an outsized impact. However, this market is closed to retail investors for regulatory reasons. So you need to be a qualified investor. You need to be a qualified investor with depends between €100,000 and €250,000 liquid capital and then you are allowed to invest in these private companies.

But then again, it's like (...) it's a tricky choice for investors because you need to hold your capital (...) you need to commit your capital for at least 10 years. And it's not (...) I mean, who as a retail investor has that much money to commit it for 10 years, even if you have like 15% (...) I mean, it depends but then again (...) like if you look at the private space, you have like single digit return expectations, which is not that interesting.

I mean, the only choice you have as a retail investor is to do crowd investing, but you have like, I mean, as usual, (...) I guess you know the platforms quite well. And then on the public markets, it's again (...) I mean, I'm very critical. Maybe that's why I've never seen something what I really like. And most of the ideas are somehow like Okay, you can exclude something. But then it's really hard to find a meaningful company which is listed on the stock market. And then you end up with companies like Apple or Amazon because they employ people or because people like the products. Or you have like some kind of retail companies because they deliver food to people and then this is impact. Which is something you can solve on your on your future platform.

<u>K.H.:</u> Yeah, right. We're trying. But it's funny how (...) because I have the same feeling that probably there are very few companies out there who really (...) who are that big and still are trying to have an impact or are having an impact in their specific field. But at the same time, more and more sustainability products and funds in all directions are popping up. And retail investors are confronted with a lot of greenwashing or pink washing or social washing or whatever. So yeah, what I'm trying to find out in my thesis is how can this jungle of information, be more accessible to retail investors so that they can still feel like or really have a choice on where they put their money.

I. 6: I mean, what other people are doing and this is like probably the (...) There are two approaches. The first one is, there are index companies. There's one in Frankfurt, I forgot the name, and they have like 10,000 indexes they're running for clients. And then as a client, you can say Well, I want an index which only invests in companies with 50% female board representation.

K.H.: They have an index on that?

I. 6: Sure. You can just say what (...) So, what you do, if you (...) let's say your Deutsche Bank and then you (...) it's a bit tricky. So, if you want to create your own index you need two things. You need someone who is calculating your index, so you need an index calculator and you need someone who is managing your capital on your behalf - Kapitalsammelstelle or -Anlagestelle - something like this. And then you go to the index provider and you say Well, I want to have an index which is good in biodiversity and which is good in female representation in boardrooms. And then you have like, I don't know, they have like 100 people just doing data analysis. And then you look up the (...) at the end you get like an Excel spreadsheet and then you can just select the companies you want to have in this index and then they calculate the index every minute or every day. Like what you want.

K.H.: And that's accessible to retail investors or to professional investors only?

I. 6: I mean, professionals are selling it to retail investors.

K.H.: Right, but as a private person, you could not walk in there and say, Okay, I want to have my index (...)

I. 6: There's a Swiss (...) there's a Swiss startup (...)

K.H.: Are you talking about Inyova?

I. 6: Yeah, they're having this (...) How do you spell it?

K.H.: It's I N Y O V A.

I. 6: They have this (...) once again, inova?

K.H.: Inyova. I think it stands for Invest in your values.

I. 6: Yeah, I think they have last year, and then it wasn't (...) It's a nice concept. But then again, it's like (...)

K.H.: What are you missing?

I. 6: Maybe it's the best you could have in this area. Ah, and yesterday I have seen something new which I liked. It's a (...) something like a robo advisor for your (...) and you can just select your hedging strategy and then it was automatically for you.

K.H.: But coming back to this company you're mentioning that is setting up the indexes. Is it openly available? Like could people go there and check how the different listings are set up, which companies are in there? Which criteria they put to set the index up?

K.H.: Yeah, so where were we? It's hard for retail investors. There's hardly any product on the market that really has an impact. Do you feel like the EU taxonomy with (...) or this regulation with Article Eight and Article Nine is already changing something? Or is it also rather non-transparent and people should not trust it?

I. 6: I mean, there's a question (...) you need to take (...) how will the capital markets looked like in '27? And I don't believe that we will see the same ESG criteria (...) I think this is (...) I would say it's nonsense what we're seeing today. Even if we look at all these AI based ESG providers, I don't know (...) like Truvalue Labs or Clarity.ai or Arabesque they're not really working. It's like a lot of competitions they're doing and people like it, but it's (...) I haven't seen any study which has shown that they're really predicting anything.

I mean, what I like about the Taxonomy is that it really adds a new level of non-financial data. So, I think the financial data is always fine. So, it's (...) this is something where we have like 200 years of experience, and you can just get them wherever and most of the data for free. But there's really not a lot of consistent data on the non-financial site. I think this really changing now.

K.H.: Okay.

I. 6: And then in the end, like if you have the data and then someone takes a decision, but then the question is, how do you take decisions on this data? Nobody really knows (...) like, how do you map good ESG data with financial performance?

K.H.: Yeah, because it's two sides (...)

I. 6: You could have like the best ESG data but still, you can pollute. For example, Volkswagen was like the most sustainable car brand in Europe, like car manufacutrer, actually, even globally. And this was like a week before it was found to they were involved in the diesel scandal. And then again, it's hard to really believe in all these (...) you know, these ESG ratings because it's (...) like, the track records aren't convincing.

K.H.: Yeah. Especially, I read that the different ratings for the same company, they differ so much, there's hardly any correlation. So (...)

I. 6: That's really because they (...) I think the dirty secret is that you're using the same, the same, the same (...) So, let me put it differently, like what they try to do is like, they try to have a score. But the score cannot be too far away from the average of the others. Otherwise, you would be just stupid (...) Like, it's very risky. So, it's the same as financial ratings, (...) like the ratings by financial analysts is like if they predict the future stock prices they all move in line, nobody's really to far away from the others because if you're too far way, it's easy to be the stupid or the dumb analyst.

But the same happens with those ESGs scores because (...) I believe that they (...) I mean nobody's really saying it but if you, for example, if you have an AI basic approach to ESG scoring then you need to train your model and you need to train the model with some kind of data and the data is probably something like the S&P ESG score. And then you train the data with something which is existing and (...) the model you have trained is highly (...)

K.H.: biased (...)

I. 6: It's just (...) it's not biased, but it's just (...) it has learned to predict in the same way as the other human model. It's just replicating what S&P is doing (...) there's a human based approach. To the same way we have our own AI model.

K.H.: So that's the main problem with these Truevalue Labs and others that are trying to hack it. The whole process of (...)

I. 6: I mean, what they're doing is if (...) data sources and different news sources, which is fine. But then again, what you expect to see in the news is like press releases by the companies and it's not really that much you can really expect to see there.

K.H.: Yeah, except maybe for scandals and those things.

I. 6: And then it's too late.

K.H.: Yeah, it already happened. True. Yeah, so if we try to sum it up or go back to my main question on how retail investors can become impact investors or even gender lens investors. What's your take on that, like?

I. 6: Once again?

K.H.: How retail investors or non-professional investors can become gender lens investors? What are steps or tools or approaches they could follow?

I. 6: By the way, there's a good paper on this, a digital read as well, as it's on the impact investing decisions by individual retail investors and taking into account the psychological distance to your (...) So for example, if you (...) they're asking you like a set of (...) they're using a content analysis and then they're asking you a set of questions related to your personal convictions. I guess you could just look it up psychological distance (...)

K.H.: I think I might have seen it already. I haven't read it in detail but (...)

I. 6: It's a good paper.

K.H.: Okay.

I. 6: Someone with a quick name. No, but your question was like how can investors get access to this? I mean, the other thing is like if you want to take as a shareholder (...) like activism also works with voting rights. So, you could, for example, you could just pick your own stocks and then you could actually vote. But voting is quite tricky because you need to go to your bank and you need to fax your votes. Which is quite a cumbersome process and people don't really like to do that. But there are other services, for example, like digital voting services, where you can just say like, Always vote against like gender policies if they happen to reach like a certain threshold.

Which other interesting approach...? I'm not sure if it's really available for retail investors (...) but yeah, I guess as a retail investor you probably need to have your theory of change, like what is your impact, like why has your investment any impact in this space? Like, if you know this, then it's easier. If you don't know what your what your investment really changes (...) like yes, you can say you only invest into gender (...) I'm not sure what is the best term, but if you only invest into best-in-class gender companies (...) what is really changing?

K.H.: Yeah.

I. 6: I mean you increase the price by companies, yes, but this is like the only thing. If you say you invest in the worst companies and you want to change it, then it's hard to make yourself heard because voting is a tricky process.

K.H.: But that's a good point to think of it in terms of a theory of change. And maybe to start with that. And then I can imagine, I don't know, you could also use this tool to go into a consultation with your bank. How do you say it? Bank consultant?

I. 6: They're not waiting for you (...) They say yes, nice, but please don't come to us. It's (...) they say yes, come for a coffee and that is something but people wouldn't take any action.

<u>K.H.:</u> Well, then at least for yourself to make sense of your investment decisions and to think it through.

<u>I. 6:</u> Yeah, but for example, if you could set up something on the voting rights for individuals, I think this is one of the bigger topics.

<u>K.H.:</u> Yeah, I feel like (...) but that's another part of the discussion on what retail investors actually want. It's they do want to have a clear conscious, I would say, and a good feeling with their investments, but most of them also not too engaged in the whole process. Like, yeah, really taking the time to do the research and do the voting. But yeah, the most important thing (...)

<u>I. 6:</u> But then again, I'm not quite sure because people are also happy to have tobacco stocks. Like people are still buying it because they have high dividends. It's not that people (...) I haven't met the person who said I want to have a clear conscience and I'm willing to (...) if you think about (...) maybe it's something for your Master thesis (...) think about (...) the inconsistencies in a choice (...) are factors with people. Like how you think about (...) how you think about financial terms and something that you could benefit from and how you balance those two things. And you should also take a look at the paper it's called the shareholder welfare model.

It's from Zingales and Hart, like 2017. What they are seeing is, it's, you know, the Milton Friedman paper from the 70s, right?

<u>K.H.:</u> Yeah, that a company is only made to make profits.

<u>I. 6:</u> And what's quite interesting, Zingales is like he used to be quite close from Chicago, and he used to be preaching, like the Friedman series. And what I found quite interesting, the thing is that a few years ago, he said, it's maybe time to move on. And then he was publishing in Chicago, which is like the interesting thing, like where Friedman came from. And he was publishing the shareholder welfare model that companies should reflect (...) or should take into account what their investors want from them. Which is an interesting twist of this Chicago story, that they're developing something new, and meaningful. The thing is, their argument (...) the main argument they're pushing is saying well, if you as an investor, you say you're happy to invest 100$ to reduce pollution. Why shouldn't you want the companies who are polluting, like, why wouldn't you want them to do it as well? It would just be consistent and that's something what your shareholders want. And then what he's saying - that's why I'm coming back to this voting idea - is that you need to have the votes as a lever to change corporate behavior.

<u>K.H.:</u> Yeah, that makes sense.

<u>I. 6:</u> That makes sense but nobody's doing it so that's (...)

<u>K.H.:</u> Yeah, it would be collecting a lot of individual votes and then sending the message to the corporations. Okay.

<u>I. 6:</u> Good luck with your Master thesis.

<u>K.H.:</u> Thank you. I wanted to ask you. I'm sure you have a great network, especially to Brussels and who else is working there. Do you know by any chance Antje Schneeweiß. No? I think she's, yeah, let me double check, but I think she's head of this subgroup working on the social taxonomy.

<u>I. 6:</u> But they hate to give interviews.

<u>K.H.:</u> Yeah. I'm sure of that. But I thought maybe you know her and then it would be easier.

<u>I. 6:</u> Just, have you sent her an email?

K.H.: Not yet I wanted to check with you first.

I. 6: Like is she? She's not working for the commission, she's (...)

K.H.: No, it's this external (...)

I. 6: Just send her an email.

K.H.: Yeah. Okay, I'm gonna try.

I. 6: Arbeitskreis Kirchlicher Investoren, that's where she (...)

K.H.: Yeah, I saw that. And I find it very interesting. But, yeah, she seems to be quite engaged in this whole social taxonomy process and also working with government institutions in Germany.

I. 6: What is the view you find most convincing?

K.H.: Yeah. Okay, I'm gonna try.

I. 6: What is the view you find most convincing?

K.H.: The view?

I. 6: Or what is your impression how things would change?

K.H.: It's more like, I get a sense of, of some tendencies. I feel like - and maybe that's just because I'm part of that generation - but that our generation is really taking care much more on things like climate change and injustices and the level of awareness is a different one because we have access to more information and also, like very internationally connected. And I feel like this one is coming onto the financial market in some sort. And then there's a mismatch because the financial market is also trying to catch up with these developments, but they are still far away. And maybe sometimes also lost in those technicalities of how we can measure what and yeah, it's all (...) it's an interesting field but also quite overwhelming. So I hope that financial literacy and also awareness on sustainability matters of all kinds - because as you said, it's complex, they're interlinked those topics - that this will rise and then also shape the future of how our economy but also the financial system is run. At least I hope so.

I. 6: Time for you to change it.

K.H.: Yeah. Right.

I. 6: No perfect, was good speaking. Yeah. Catching up, and then good luck with your thesis. And just send me an email if there's anything else.

K.H.: Sure, will do. Thank you so much. Bye. Have a good day. Bye.