

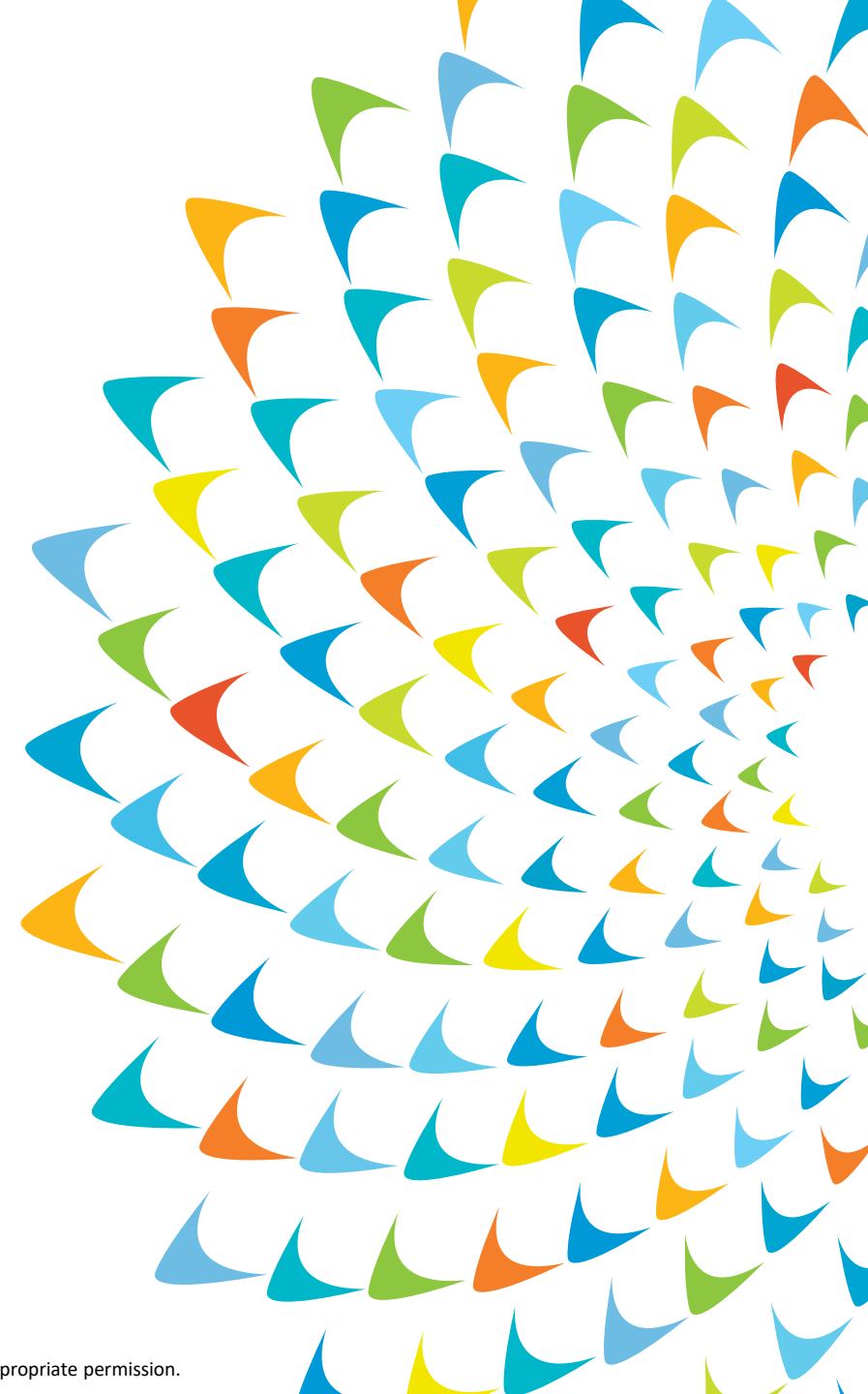


# Increase Returns with Gender Diversity

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The best **investors** **companies** **entrepreneurs** have the insights to **understand** **predict** **shape** market trends.



# Women and men experience life differently

## Based on biological differences:

Women more likely to develop osteoporosis

Women unlikely to beat men in weightlifting

Women tend to have shorter vocal cords and higher pitched voices

Women breastfeed babies

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## Based on social construct of gender:

Women less likely to be treated properly for a heart attack

Women unlikely to take up weightlifting as a hobby

Women's opinions are often taken less seriously

Women are expected to take on the bulk of care-giving responsibilities in the family

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This is what the world looks like without women's perspectives.



This is what the world looks like  
without women's perspectives.



# Women drive financial returns



- As fund managers
- As entrepreneurs
- As board members
- As leaders
- As employees
- As customers
- As suppliers & distributors



# Women fund managers

- Different perspectives can identify more opportunities
- Access to different groups and networks to source deals
- Reduce bias against women-led companies
- Increasing evidence of women performing as well as or better than male peers
  - Ex: During 2022 downturn, women-led management teams saw "median active return" of -2.6%, while for men it was -5.3%





# Women entrepreneurs

## Examples of women-founded unicorns:

 **Airwallex**

 **MobiKwik™**

*Canva*

**RIVIGO**  
MAKING LOGISTICS HUMAN

*NYKAA*

 **Starling  
Bank**

Represent a significant investment opportunity:

- <3% VC invested in women-founded businesses - huge untapped opportunity
- Different perspectives can identify different value propositions and understand a wider range of customers







# Women board directors

## Greater financial returns:

- $\geq 10\%$  female board members: 14.9% return on equity (ROE); 12.6% for those without.
- 8% of higher long-term value creation explained by greater board gender diversity.

## How does this happen?

- Collaborative style helps management be better able to share challenges and hear board concerns.
- Unafraid to ask tough questions and require direct answers; devote more time to monitoring, tend to hold CEOs more accountable for poor stock performance.
- Bring new issues and perspectives to the table.
- Have a positive impact attendance and participation.





# Women executives



## Greater financial returns:

- A move from no female leaders to 30% is associated with a 15% increase in net revenue.
- Firms with strong female leadership saw Return on Equity of 10.1%/yr vs. 7.4% for those without.

## How does this happen?

- Collaborative leadership style, willingness to tackle difficult issues and broader perspectives.
- Increased employee engagement: happy workers create better products, and they don't leave.
- Firms that do not discriminate have an edge: they are able to tap into a larger talent pool.



# Women employees

## Greater financial returns:

- Companies with more women across all levels correlated with 3.1% higher average returns than less diverse peers.
- More gender diverse companies experienced lower return-on-equity volatility and less risk.

## How does this happen?

- Higher employee retention and satisfaction; particularly important is employee satisfaction reflects directly on the quality of the product or service, e.g. financial services, technology, retail, leisure and business services.
- Tap into diverse perspectives for product/service innovation, new markets and new revenue sources.
- Reputational risks from controversies such as big pay gaps and sexual harassment less likely in gender diverse companies.



# Women customers

Women control ~\$20T in annual consumer spending and, by 2028, will control nearly 75% of consumer discretionary spending worldwide. This is a market larger than India and China combined.

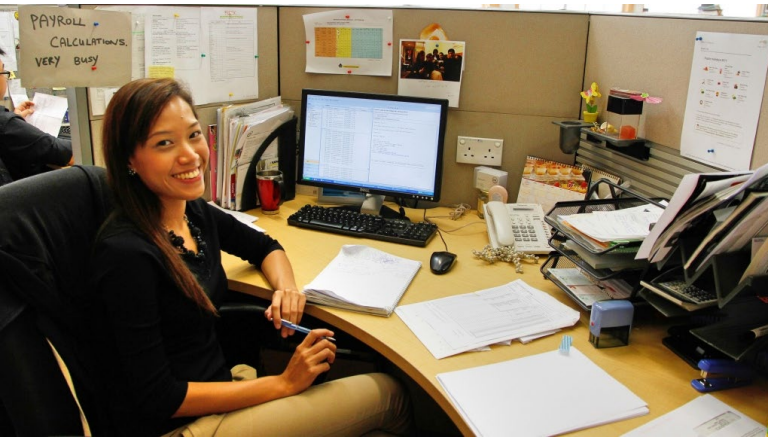


Understanding the specific needs and wants of women and women-owned business, and designing products and services to meet the needs of these customers is a tremendous commercial opportunity.





# Women suppliers & distributors



Engaging women suppliers has a positive impact on profitability and ROI for many companies.

- Untapped resource: >1/3 of all firms are women-owned, yet only 1% of corporate procurement spend.
- More choice, which can translate to greater efficiency, quality, and security of inputs.
- New suppliers can be new customers; and can spot shifting trends and unmet need, which can expand market share.
- Enhances reputation and fosters brand loyalty.



# 2X Challenge



# History of the 2X Challenge

2X Challenge launched at the G7 Summit as part of joint commitment among G7 development finance institutions (DFIs) towards gender equality

2018

New US\$15bn 2X Challenge target announced at the G7 Summit for 2021-2022

2021

2X Challenge 2021-2022 raised US\$16.3bn gender lens investments across global emerging market regions.

2X Certification Methodology creation & stakeholder engagement, Learning Lab and Pilot Programme

2023

2020

2X Challenge exceeds \$3bn target, reaching US\$11.4bn of gender-smart capital mobilised in less than three years

2022

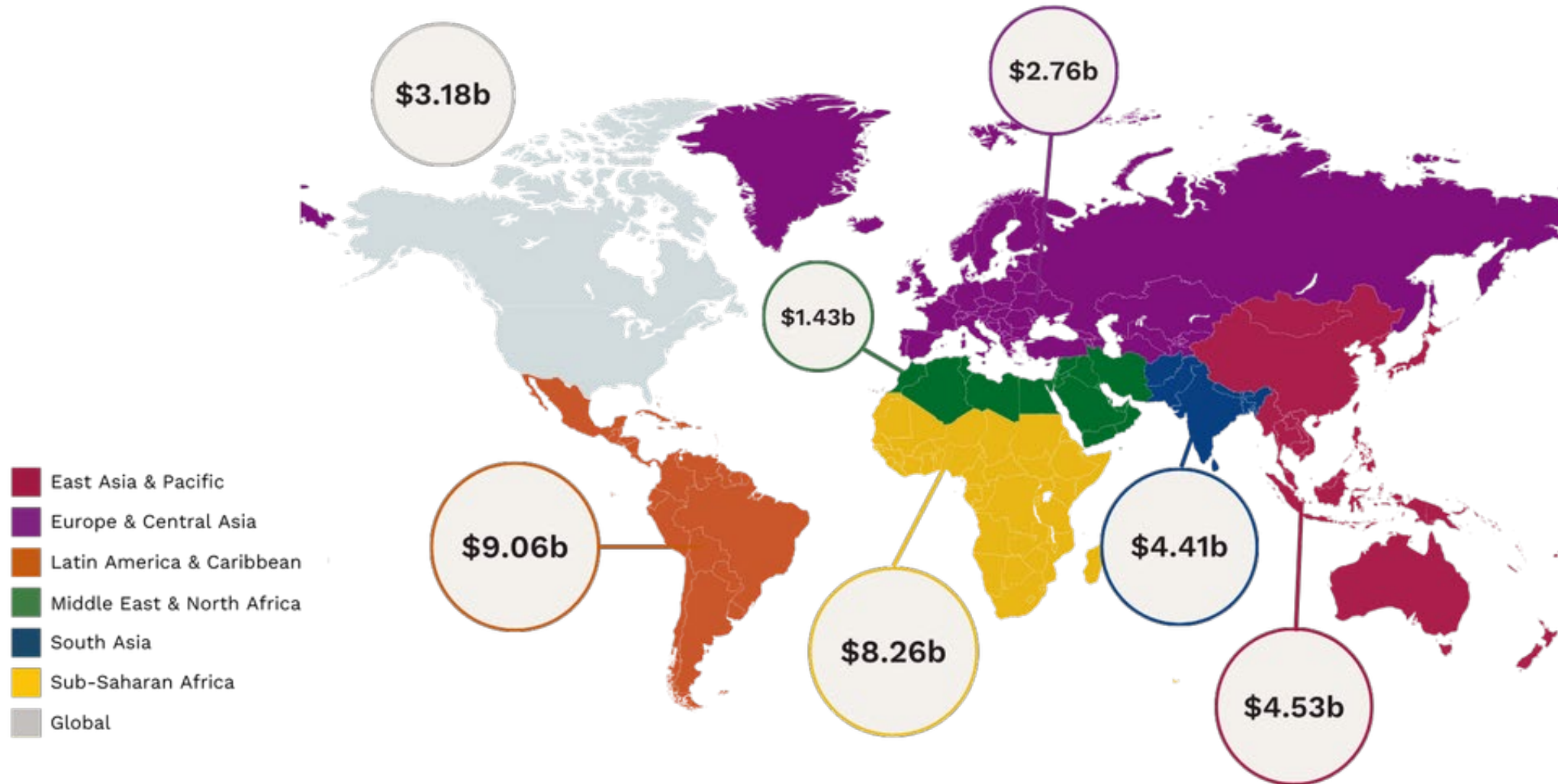
2X Certification publicly announced at the G7 Summit 2022 to initiate a co-creation process for building the industry-endorsed certification scheme

2024

Learning Lab and Pilot Programme Launch of 2X Certification



# Investment to date







# 2024 commitment



2X Challenge commits to invest

## US\$20 *Billion*

for women's economic empowerment  
over three years under the 2X Criteria.

Move billions with us.  
Join the 2X Challenge.

**2X**Challenge  
Invest in women. Invest in the world.

2X Challenge participating investors are capital providers who:

- Qualify investments within their portfolio under the strengthened 2X Criteria
- Promote public reporting of finance for women
- Are a 2X Global member
- Agree to the 2X Challenge Engagement Principles



# 2X Criteria

2X Criteria is a public good and can be used by anyone in the market to set their own gender-smart targets for new business and portfolio.

To understand how to apply the 2X Criteria in various sectors, context and geographies, it is important to use the 2X Criteria Reference Guide. This guidance is tailored towards investment transactions. However, independent companies can also assess their practices against the 2X Criteria using this guide.

Scan to read the 2X Criteria Reference Guide:



## 2X Criteria

Updated as of January 2024

Investments align with the 2X Criteria if they meet basic 2X ESG (including safeguarding) and minimum Governance & Accountability requirements<sup>1</sup>, AND (a) have at least ONE of the six 2X Criteria met, and (b) provide a time-bound commitment to meeting an additional Criteria. Thresholds are country and sector specific: <https://www.2xchallenge.org/2xcriteria>

Basic 2X ESG		
Governance & Accountability	Gender strategic action(s), management system(s) and data <sup>1</sup>	Yes/No
1 Entrepreneurship & Ownership	1A. Share of women ownership 51%	6 Portfolio <sup>5</sup>
	OR	
1B. Business founded by a woman 50%	6A. <i>Financial Institutions (Fis)</i> : Percent of the investor loan proceeds or percent of FI's portfolio supporting businesses that meet the 2X Criteria 30%	
2A. Share of women in senior management Varies <sup>2</sup>		
2 Leadership	OR	
2B. Share of women on the Board or Investment Committee Varies <sup>2</sup>	6B. <i>Funds</i> : Percent of portfolio companies that meet the 2X Criteria 30-50%	
3 Employment <sup>3</sup>		
4 Supply Chain	Share of women in the workforce AND Varies <sup>2</sup>	
	One "quality" Employment indicator <sup>4</sup> beyond compliance Yes/No	
5 Products & Services	Commitment to women in supply chain AND Yes/No	
	One "quality" Supply Chain indicator <sup>4</sup> beyond compliance Yes/No	
	Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity Yes/No	

<sup>1</sup> In exceptional cases, where the investee does not meet this requirement yet, the investor can agree on a formal time-bound action item to have this requirement met within max. 2 years and follow-up/monitoring from the investor.

<sup>2</sup> For direct investments, thresholds vary based on sector/country intersection. For FIs, simplified thresholds will apply at portfolio level.

<sup>3</sup> Requires no dissonance with the Leadership criteria, i.e. there should be at least some progress on women's representation in leadership.

<sup>4</sup> Includes diversity practices, pay equity, care support, health & well-being and GBVH (further details provided).

<sup>5</sup> For Funds and FIs, criteria (or target) need to be met at both the institutional and portfolio level.



# ADB Gender Equality Scorecard

# ADB Gender Equality Scorecard

## Designed for:

- Onward investors (PE funds)
- Funds with ADB as general partner

## Purpose:

- Act as a snapshot of a company's gender actions at time of investment
- Provide guidance to a company on gender actions
- Assess change in company's gender actions over time
- Differentiate between comparable investments based on companies' gender actions

## All inputs are:

- Material
- Objective
- Easy to gather (max. 2 hrs)



Photo: ADB



# What is it?

- Currently being updated to incorporate revised 2X Criteria
- Built in an excel workbook
- Differences from 2X Criteria:
  - Benchmarking data by country, sector and/or company size (Sourced from WB, ILO and Deloitte)
  - Provides guidance re: appropriate gender action
  - Ability to differentiate between companies & see change over time

**ADB Company Gender Equality Scorecard**

COMPANY NAME: Fintechia | COUNTRY: Bangladesh | SECTOR: Trade, transport, hospitality and business services | COMPANY SIZE: Medium (20-99 Employees) | DATE COMPLETED: 27-Sep-23 | COMPLETED BY: Jane Doe | 2X ELIGIBLE? Yes

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**TOTAL SCORE**  
3.20 out of 10.00

**Leadership**

Leadership SCORE: 0.42 out of 2.25 points

Results (50% of Leadership score)		Actions (50% of Leadership score)	
Percentage women		Actions Fintechia is already taking:	
R1. Board Members	5% (Fintechia), 12% (Asia, Average)	None. Consider taking the actions listed below.	
R2. Fintechia does not have a female board chair, 5% of companies in Asia do.		Actions Fintechia can take to support gender equality:	
R3. Management		A1. Have a target for percent or number of women board directors.	
R4. Fintechia does not have a female top manager, 4% of medium companies in Bangladesh do.		A2. Take explicit action to seek to increase women in management or as board members.	
Results Score: 0.14		A3. Have initiative/s to support the development and promotion of women.	
		Actions Score: 0.28	

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**Employment**

TOTAL EMPLOYMENT SCORE: 1.38 out of 2.25 points

Results (50% of Employment score)		Actions (50% of Employment score)	
Percentage women		Actions Fintechia is already taking:	
R1. Employees	13% (Fintechia), 30% (Bangladesh, Trade, transport, hospitality and business services)	A1. Offers at least one flexible work practice.	
Results Score: 1.13		A2. Offers at least one support to child or elder care.	
		Actions Fintechia can take to support gender equality:	
		A3. Have an explicit commitment to gender equality or gender diversity within the company.	
		A4. Take proactive measures to ensure gender diversity in recruitment.	
		A5. Collect, analyse and monitor sex-disaggregated data on compensation.	
		A6. Have an anti-sexual harassment policy.	
		A7. Offer maternity leave beyond what is required by law.	
		A8. Offer paternity leave beyond what is required by law.	
		A9. Have health, security or safety measures explicitly targeting women's needs.	
		Actions Score: 0.25	

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**Products / Services**

TOTAL PRODUCTS / SERVICES SCORE: 0.84 out of 2.25 points

Results (50% of Products/Services score)		Actions (50% of Products/Services score)	
R1. Your product/service is Unintentional Beneficial		Actions Fintechia is already taking:	
Your company DOES NOT target women or women-owned businesses as a market segment. However your products/service DOES: (i) increase access to finance, markets, health, education or skills training for women; (ii) reduce gender wage gaps; (iii) increase safety or security for women; (iv) reduce unequal distribution of domestic work; or (v) reduce women's unpaid care work.		None. Consider taking the actions listed below.	
Results Score: 0.84		Actions Fintechia can take to support gender equality:	
		A1. Collect data and market research insights from women and women-owned business customers.	
		A2. Consider the specific needs of women and women-owned businesses in the design of products/services.	
		A3. Consider whether the product/service may have unintended negative consequences for women.	
		A4. Consider the willingness to pay of women or women-owned businesses in setting prices.	
		A5. Consider the specific needs of women or women-owned businesses in developing a distribution strategy.	
		A6. Have promotional materials that include women without reinforcing negative gender stereotypes.	
		Actions Score: 0.00	

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**Supply Chain**

TOTAL SUPPLY CHAIN SCORE: 0.00 out of 1.00 points

Results (50% of Supply Chain score)		Actions (50% of Supply Chain score)	
Percentage women		Actions Fintechia is already taking:	
R1. Suppliers & Distributors	5% (Fintechia), 5% (Bangladesh, Trade, transport, hospitality and business services)	None. Consider taking the actions listed below.	
Results Score: 0.00		Actions Fintechia can take to support gender equality:	
		A1. Track sex-disaggregated data and has at least one woman or woman-owned supplier/distributor.	
		A2. Have a formal supplier diversity and/or distributor diversity policy in place.	
		A3. Have a target for procurement from or selling through women or women-owned businesses.	
		Actions Score: 0.00	

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**Ownership & Entrepreneurship**

TOTAL ENTREPRENEURSHIP & OWNERSHIP SCORE: 0.56 out of 2.25

Results (100% of Entrepreneurship & Ownership score)	
R1a. Fintechia does not have majority female ownership; 3% of medium companies in Bangladesh do.	
R1b. Fintechia does have female participation in ownership; 7% of medium companies in Bangladesh do.	
R2. Fintechia does not have women among company's founders.	
Having women among a company's owners is an excellent step toward gender equality. Women ownership could be further increased by seeking female investors.	
Results Score: 0.56	

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Thank you.

