



# Fact Sheet: Gender Lens Investing - Direct investing in Community and Social Ventures

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Foundations can support gender equity when making direct investments in community, ventures and social enterprises.

GLI is an investing strategy that takes into consideration gender-based factors across the investment process to advance gender equity. Taking a gender lens means:

- Focusing on gender, from pre-investment activities (such as sourcing and due diligence) to post-deal monitoring (including manager oversight and exiting)
- Examining the enterprises you are invested in for their:
  - Vision or mission to address gender issues
  - Organizational structure, culture, internal policies and workplace environment
  - Use of data and metrics for the gender-equitable management of performance and to incentivize behavioural change and accountability
  - Overall commitment to gender equity, as reflected in their financial and human resources

Gender is part of a larger conversation about diversity that is essential to investment.

Traditionally, the focus of GLI has been on women's equality and empowerment. Contemporarily, we understand that gender refers to both a biological and a socially constructed identity.

Consideration of gender includes looking at the socially constructed roles, relationships and expectations of all genders and the ways that these are reinforced by educational, political, economic and cultural systems.



## Types of Capital

The tools to incorporate gender into investment analysis vary based on the type of capital and the level of influence and ownership that capital affords you. Private investments, which is what make up the bulk of local community investments, inherently offer a more direct relationship to impact. Equity investors can have a more direct impact than debt investors.

Private market investments can be subject to inclusion criteria; here are some considerations to serve as an initial starting point:

- An organization with a clear commitment to gender equity as part its mission, strategy and operations
- Diversity at all levels, especially at the governance and leadership level
- Products or services that have a clear positive effect on women's lives, including increasing quality of life or advancing opportunities

## Ways to Invest for Gender Equity

### **1. Increase Access to Capital**

Despite decades of data that show gender-diverse teams deliver better results, women and non-binary people continue to lack access to investment capital. There remain disconnects between women's entrepreneurship policies and funding allocated to small business programming. Many businesswomen are not accessing commercial credit, an essential driver of business success.

Foundation can invest in women-owned and women-led businesses by:

- Offering financial assistance and technical services
- Establishing partnerships and networks, such as a concessionary lending partnership with local credit unions
- Offering patient capital that retains capital in the investment to allow the venture to grow over time instead of extracting return immediately
- Creating deal terms that align return with the growth and success of the venture, such as revenue sharing
- Providing post-deal engagement to support the success of investees

### **2. Improve Workplace Equity**

Foundations can invest in ventures whose employees, leadership team and board of directors meet diversity and inclusion metrics that indicate inclusive cultures and policies that advance



gender equity in the workplace. For example, you can look for ventures that score highly in these metrics:

- Boards and senior leadership
- Wage equity
- Equal employment opportunity
- Workplace/supply chain safety

### **3. Improve Opportunity and Quality of Life**

Foundation can look for ventures that provide products or services that increase the quality of life (including safety) and access to opportunity. Impact is not always obvious and requires careful consideration. For example, while it may be obvious when considering a menstruation products company, it may not be as clear when considering a marketplace platform that empowers small-scale craftswomen to grow their businesses.

Products and services that address gender equity can be found across sectors; for example, in:

- Financial services – increasing financial literacy and independence
- Healthcare – providing health services specifically to women or creating innovative, sustainable and accessible femcare products
- Education – increasing access to education or certification
- Arts and media – gender-positive publications
- Employment services targeting gender equity
- Affordable housing targeting gender equity
- Childcare
- Safety, transparency, accountability specific to gender equity

## **Due Diligence**

Incorporating questions about gender into your existing due diligence questionnaire reinforces the fact that gender is not an extra consideration; but rather an integral part of understanding an organization's strategy and potential for success.

### **Organization**

- When was the organizations founded, where, and by whom?
- Mission, vision, and values of the organization
- Background on work-to-date undertaken
- Are there policies to address bias and discrimination?
- Has the company adjusted policies for remote working practices which provide safe working spaces where gender violence may be present? How is this accessed safely?
- Is there transparency with regards to recruitment, promotion, remuneration, and training opportunities for women and diverse employees?



- Is the company known as a safe, respectful place to work? Is it seen as an employer of choice?
- How does the company exercise its influence as an institution in the community to reinforce positive norms around equity for underserved individuals?
- What is the diversity across staff, senior leadership, Board, Investment Committee?
- Is there wage equity across the organization?
- Is there paid parental leave?

#### Operations

- What are the policies and practices to ensure equal employment opportunity throughout the hiring practices?
- Are workers transient or working away from families and communities?
- Does the industry rely on remote work?
- Does the industry rely on low-wage and/or migrant workers, who tend to be vulnerable to exploitation?
- Are workers relying on cash or other informal forms of payment?
- Is the workforce dominated by one gender?

#### Products and Services

- Does the product or service offered by the venture improving the quality of life or access to opportunities for women, girls, and non-binary people?
- Does the venture understand the needs and context of the communities it operates in?

#### Political risk

- Would industry stability be disrupted by longer-term shifts, such as significant shifts in gender norms? For example, shifts in pay equity or property/land ownership?
- Is the company able to adapt to broader shifts in the industry, including changing gender norms? Will it be an early adopter or a laggard in changes within labour patterns?

#### Regulatory risk

- What are the industry standards on pay equity, gender-based violence, bias, and discrimination? How regulated is the industry? Who sets standards for the industry?

#### Reputational risk

- Is the industry perceived as well regulated and ethical?
- Does it have gender equality and anti-racism standards?
- How much international/national scrutiny is it under?

These gender-lens investing guides were jointly created by Rally Assets and Community Foundations of Canada.



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