

How to Measure the Gender Impact of Investments:

Using the 2X Challenge Indicators
in Alignment with IRIS+





Foreword

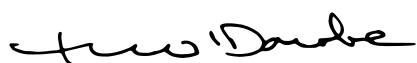
Within the field of impact investing, the emergence of Gender-Smart Investing (GSI) carries major significance. The growth of this investment lens has been rapid and the amounts invested are noteworthy. In 2018, 496 institutional asset owners reported that they applied gender lens criteria to \$868 billion in assets; more than double the \$397 billion identified in 2016.¹

Both CDC and the Global Impact Investing Network (GIIN) have been at the forefront of this marked progress. Since 2018, CDC has launched its Gender Strategy; created and chaired the Gender Finance Collaborative; and established itself as a founding member of the 2X Challenge. The 2X Challenge began as a joint commitment from the development finance institutions (DFIs) of the G7 countries² to commit and mobilise \$3 billion to advance women's economic empowerment and gender equality. This commitment has now expanded to 15 DFIs worldwide. The GIIN has been similarly ambitious, launching a Gender Lens Impact Theme and Working Group as part of its IRIS+ system. IRIS+ is the generally accepted system for measuring, managing and optimising impact; more than 850 investors globally contributed to its development to make it easier for investors to translate their impact intentions into impact results.

As investors increasingly drive capital towards GSI, it is critical that they are able to measure and monitor the impact such investment has on advancing gender quality and women's economic empowerment. In support of this, we have joined forces to publish this guidance note: *How to Measure the Gender Impact of Investments: Using the 2X Challenge Indicators in Alignment with IRIS+*. Our aim is to set out a series of key gender impact indicators, aligned to the 2X Challenge criteria. We also demonstrate how 2X Challenge indicators then map against standard IRIS metrics, enabling industry alignment on gender impact monitoring, and helping to drive efficiencies in the way both investors and investees report.

This guidance note underscores the wider harmonisation efforts being made across the GSI space. Adoption of these aligned indicators by the 15 members of the 2X Challenge, alongside those investors adopting IRIS metrics, points to the scale and collective influence involved in monitoring gender impact in a consistent, meaningful way.

As the investment industry continues to evolve and advance, not only do these harmonisation efforts demonstrate the true power of collaboration, but they also confirm our belief that women's economic empowerment is fundamental to impact investing, and that we all have a role to play in moving towards a more gender-equal society.



Nick O'Donohoe

CEO
CDC Group Plc



Amit Bouri

Co-Founder and CEO
Global Impact Investing Network

¹ <https://www.wharton.upenn.edu/story/7-takeaways-from-project-sage-2-0-the-global-scan-of-gender-lens-private-equity-vc-and-private-debt-funds/>
² CDP, CDC, FinDev Canada, Proparco, DEG, JBIC/JICA and OPIC (now DFC).

Acknowledgements

This guidance note has been authored by Sonia Jordan-Kirwan and Katharine Tengtio of CDC, with significant technical inputs from Adam Dolin of the GIIN, and Anne-Marie Lévesque of FinDev Canada and current 2X Challenge Chair.

These guidelines have benefited from the knowledge and expertise of many individuals, all sharing a commitment to harmonising gender impact data across the impact investing community. The authors wish to thank all 2X Challenge members, whose continual efforts to drive up the standard of Gender-Smart Investing have enabled and shaped the development of this paper. In particular, the authors are grateful to those who provided peer review: Aneese Lelijveld (CDC), Birgitte Bang Nielsen (IFU), Jessica Espinoza Trujano (DEG), Kaisa Alavuotunki (FinnFund), Michelle Voon (SwedFund), Marina Svistak (FinDev Canada) and Tori Hellrung (CDC).

The 2X-IRIS+ harmonisation efforts that preceded the development of this guidance note were driven out of the Gender Finance Collaborative's³ Impact Measurement, Management and Metrics Working Group. This group was co-chaired by CDC and FMO, and the authors of the report would like to recognise the efforts of former Co-Chair, Corianne Van Veen (FMO), former 2X Challenge Chair, Alec Paxton (DFC), Gender Finance Collaborative Chair, Arpita Raksit (CDC) and, most importantly, Lissa Glasgo (GIIN), without whom our harmonisation efforts would not have been possible.

For further information and feedback, please use the 2X Challenge contact form: <https://www.2xchallenge.org/contact>.

Acronyms

BIO Invest	Belgian Investment Company for Developing Countries	GP	General Partner
DEG	Deutsche Investitions- und Entwicklungsgesellschaft	HIPSO	Harmonised Indicators for Private Sector Operations
DFC	US International Development Finance Corporation	IC	Investment Committee
EIB	European Investment Bank	IFU	Investment Fund for Developing Countries
ESG	Environmental, Social, Governance	IMMM	Impact Measurement, Management and Metrics
FI	Financial Institution	LP	Limited Partner
FP	Financial Performance	PD	Product Description
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V	PI	Product Impact
FTE	Full-Time Equivalent	OD	Operational Description
GIIN	Global Impact Investing Network	OI	Operational Impact
		SIFEM	Swiss Investment Fund for Emerging Markets

³ The Gender Finance Collaborative was launched by CDC in 2018, bringing together 15 DFIs, with the aim of developing shared gender smart financing principles, definitions and methodologies that promote the integration of "gender based" decision-making into DFIs' investment processes and internal operations.

Contents

Foreword	3
Acknowledgements	4
Acronyms	4
1. Introduction	6
1.1. Purpose	6
1.2. Audience	6
1.3. About the 2X Challenge	6
1.4. About IRIS+	8
2. IRIS+ alignment with 2X Challenge	9
2.1. The alignment process	9
2.2. 2X Challenge indicators	9
2.3. Equivalent IRIS metrics	10
3. Tips on aggregation, mode and frequency of data collection	12
3.1. Aggregation	12
3.2. Mode	12
3.3. Frequency	12
4. Applying aligned gender impact metrics to Direct Debt or Equity investments	13
4.1. Principles of applying the metrics to direct investments	13
4.2. Entrepreneurship (Owners, Founders)	13
4.3. Leadership (Senior management, Board, Investment Committee)	14
4.4. Employment (Full Time Equivalent, Career advancement initiative)	16
4.5. Consumption (Product targeted to women; female clients)	18
5. Applying aligned gender impact metrics to Financial Institutions (FIs)	21
5.1. Principles of applying the metrics to FIs	21
5.2. Equity investment or non-directed lending to an FI	21
5.3. Directed lending to an FI	22
6. Applying aligned gender impact metrics to Funds	23
6.1. Principles of applying the metrics to Funds	23
6.2. Applying indicators at the level of the GP or the Fund	23
6.3. Applying indicators at the level of the underlying portfolio	24

1. Introduction

1.1. Purpose

This guidance note sets out a suite of indicators, mapped to the [2X Challenge criteria](#), that can be used by investors to:

- Establish and monitor the gender impact of their investment (irrespective as to whether it is 2X Challenge eligible); and
- Determine eligibility for the 2X Challenge.

The guidance also shows how the 2X Challenge indicators map to metrics within the IRIS Catalog of Metrics.

The primary purpose of this guidance note is to advise on the application of the 2X Challenge indicators. In certain cases, we provide guidance on interpreting the 2X Criteria where the application of the indicators has important implications for assessing 2X eligibility. For a more comprehensive guide to applying and interpreting the 2X Criteria, please refer to **Reference Guide to the 2X Challenge** (*publication forthcoming*).

1.2. Audience

This guidance note is made available to any impact measurement practitioner, investment professional, fund manager or company executive looking to monitor, assess and manage gender impact data within their company or investees. This includes, but is not limited to, those using the 2X Challenge as a framework to define ‘gender-smart’ investments, development finance institutions, multilateral development banks, impact investors, foundations and donor-funded development programmes.

1.3. About the 2X Challenge

The 2X Challenge was launched in June 2018 as a major new commitment of the development finance institutions (DFIs) from the G7 countries⁴ to unlock resources that will help advance women’s economic empowerment and gender equality. These DFIs have since been supporting investments and initiatives that provide women in developing countries with access to leadership opportunities, quality forms of employment, finance, enterprise support, as well as products and services that enhance the inclusion or economic participation of women and girls.

Since the launch, six new DFI members have joined to expand the commitment: BIO-Invest, Finnfund, FMO, IFU, SIFEM, and Swedfund. In October 2019, the EIB became the first multi-lateral development bank to endorse the 2X Criteria. These institutions represent more than US\$112.3 billion in combined assets.⁵

More information on the 2X Challenge can be found [here](#) and the 2X Criteria are available to download [here](#).

⁴ CDP, CDC, FinDev Canada, Proparco, DEG, JBI/JICA and OPIC (now DFC).

⁵ Total figure calculated in aggregate of AUM as of Q4 2019 of each institution (BIO Invest, CDC, CDP, DEG, DFC, EIB, FinDev Canada, Finnfund, FMO, IFU, JBI, JICA, Proparco, SIFEM, Swedfund).

To qualify for the 2X Challenge, an investment must already meet – or have an explicit commitment to meet – at least one of the following criteria:

		Criteria	Threshold
Direct Criteria	1	Entrepreneurship	1A. Share of women ownership 51% OR 1B. Business founded by a woman Yes/No
	2	Leadership	2A. Share of women in senior management ¹ 20-30% ² OR 2B. Share of women on the Board or IC ¹ 30%
	3	Employment	3A. Share of women in the workforce ¹ 30-50% ² AND 3B. One “quality” indicator beyond compliance Yes/No
	4	Consumption	4. Product or service specifically or disproportionately benefit women Yes/No
	5	Investments through Financial Intermediaries ³	On-Lending facilities: Percent of the DFI loan proceeds supporting businesses that meet direct criteria ¹ 30% OR Funds: Percent of portfolio companies that meet the direct criteria ¹ 30%
Indirect			

Sector-Specific Thresholds

2.A Women in Senior Management*		
Grp.	Sector	%
Low	Infrastructure, Power, Telecoms	20%
Mid	Financial Services, Manufacturing	25%
	Agribusiness & Food, Professional Services, Consumer Services	
High	Healthcare, Education	30%

3.A Women in the Workforce*		
Grp.	Sector	%
Low	Infrastructure, Power, Telecoms	30%
Mid	Financial Services, Manufacturing – Heavy, Agribusiness & Food, Professional Services	40%
High	Healthcare, Education, Consumer Services, Manufacturing – Light ³	50%

*Room for judgement: Investees in unique sectors or geographies may require case-by-case consideration.

1) Commitments to achieve targets in these categories also make investments eligible, including new commitments by existing investees.

2) These thresholds vary depending on the sector of the investment. See sector-specific thresholds.

3) Investments through financial intermediaries may also be eligible if the financial intermediary meets any of the direct criteria. For funds, this requires either that the fund manager itself meeting one of the categories, or if the fund itself has a clear investment thesis to invest in women.

The 2X Challenge constitutes a practical framework to help DFIs assess and understand what GSI is. DFIs can use it to direct capital towards women, pre-or post-investment, by:

- Encouraging investees to collect data on women employees and consumers;
- Measuring the development impact of investing with women and in women, over time; and/or
- Making a business case for investing with women and in women.

There are four key principles underpinning the 2X Challenge:

- **2X not only counts women but also values women:** In addition to quantitative criteria that measure how investees include women, the 2X Challenge uses qualitative criteria that measure how investees value women.
- **2X celebrates success while encouraging progress:** 2X will identify and promote best practices by celebrating investees that have already achieved the 2X goals. Driving change, however, will also require DFIs to encourage and celebrate investees willing to make long-term, resourced, and monitorable commitments to empower women.
- **2X criteria thresholds should be aspirational but reasonable:** The 2X Challenge aims to encourage investees to empower women beyond the norm for their sector and geography.
- **2X criteria should leave room for judgment:** The criteria list provides a backbone for gender investment analysis, but each case is specific, and deal teams may slightly adapt the criteria wherever it is necessary to encourage change or recognise investees making transformational efforts to empower women.

1.4. About IRIS+

[IRIS+](#) is the generally accepted system for impact investing stakeholders to measure, manage, and optimise their impact. IRIS+ provides a standard way for investors to frame impact goals, outlines ways to measure progress in a way that produces clear, consistent, and comparable data ([Core Metrics Sets](#)), offers a built-in evidence base of research linking those common impact goals to achievable outcomes, as well as curated best-in-class third-party resources, and practical, how-to guidance to advance impact measurement and management practice.

IRIS+ is a free, publicly available resource managed by the GIIN, the global champion of impact investing. Developed with broad stakeholder [input](#), IRIS+ can be used end-to-end as an impact measurement and management system, or to underpin other standards, methodologies, and assessment tools by employing the use of standard IRIS metrics.

IRIS+ is built on the legacy of the [IRIS Catalog of Metrics](#), which the GIIN has managed since 2009. The IRIS Catalog of Metrics includes metrics tailored to specific impact categories, as well as cross-category metrics and other lenses that make IRIS metrics useful for impact investors working around the world, in different sectors, and with a variety of social and environmental impact objectives. IRIS metrics are also tagged per the five dimensions of impact and the U.N. Sustainable Development Goals. In addition to a unique metric code, each metric includes additional information including a standardised definition, usage guidance, and footnote guidance. An example of how an IRIS metric is expressed is: [Average Supplier Agricultural Yield: Smallholder \(PI1405\)](#).

The full IRIS Catalog of Metrics can be accessed [here](#), and downloaded in Excel [here](#).



2. IRIS+ alignment with 2X Challenge

2.1. The alignment process

In early 2019, a series of 2X Challenge indicators were developed by the Impact Management, Measurement, and Metrics (IMMM) Working Group of the Gender Finance Collaborative⁶, in collaboration with the 2X Challenge Working Group. The objective was to align the way in which DFIs ask investees to report on gender impact data.

Shortly after this, the GIIN, CDC Group (acting on behalf of the Gender Finance Collaborative), and the 2X Challenge Chair worked collectively to align the 2X Challenge gender indicators so that the IRIS Catalog of Metrics now contains:

- The same 2X Challenge indicator, included in IRIS+ as a standardised IRIS metric (indicated throughout this guidance through a 'Total Alignment' flag); or
- A commensurate metric or combination of metrics with guidance included within the IRIS Catalog of Metrics on how practitioners would disaggregate/collect data to conform with a 2X definition (indicated throughout this guidance through a 'Best Fit Solution' flag).

2.2. 2X Challenge indicators

The 2X Challenge indicators map to the 2X criteria and sub-criteria, and are set out in table 1 below:

Table 1: 2X Challenge indicators

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator (applied to Direct and Indirect Investments)
1. Entrepreneurship	1A. Share of women ownership	1A. Percent of female ownership
	1B. Business founded by a woman	1B. Percent of company founder(s) who are female
2. Leadership	2A. Share of women in senior management	2A. Percent of senior management who are female
	2B(i). Share of women on the Board	2B(i). Percent of Board who are female
	2B(ii). Share of women on the IC	2B(ii). Percent of IC who are female
3. Employment	3A. Share of women in the workforce	3A. Percent of employees (FTE) who are female
	3B. Quality indicator beyond compliance	3B. Investee has initiative in place to specifically advance women in the workforce (Y/N)
4. Consumption	4. Product or service specifically or disproportionately benefits women	4A. Investee's product or service specifically or disproportionately benefits women (Y/N)
		4B. Percent of customers who are female
5. Indirect Investments (investments through financial intermediaries)	5. Financial intermediary meets one of the direct 2X criteria	5A. Share of FI's portfolio that meets at least one of the direct 2X criteria
		5B. Share of Fund's portfolio that meets at least one of the direct 2X criteria

These same metrics can be used both for direct investments (see section 4) and for intermediated investments (see sections 5 and 6).

Wherever feasible, we recommend 2X qualified investees report against all 2X Challenge indicators, irrespective as to the criteria under which they qualified.

⁶ The Gender Finance Collaborative was launched by CDC in 2018, bringing together 15 DFIs, with the aim of developing shared gender smart financing principles, definitions and methodologies that promote the integration of "gender based" decision-making into DFIs' investment processes and internal operations.

2.3. Equivalent IRIS metrics

The equivalent IRIS metrics are set out below and are shown alongside the 2X Challenge indicators:

Table 2: IRIS equivalent metrics

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
1. Entrepreneurship	1A. Share of women ownership	1A. Percent of female ownership	Percent Female Ownership (OI2840)
	1B. Business founded by a woman	1B. Percent of company founder(s) who are female	Founders: Female (OI8197) Founders: Total (OI2209)
2. Leadership	2A. Share of women in senior management	2A. Percent of senior management who are female	Full-time Employees: Female Managers (OI1571) Full-time Employees: Managers (OI8251)
	2B(i). Share of women on the Board	2B(i). Percent of Board who are female	Board of Directors: Female (OI8118) Board of Directors: Total (OI1075)
	2B(ii). Share of women on the IC	2B(ii). Percent of IC who are female	Investment Committee Members: Female (OI8709) Investment Committee Members: Total (OI7829)
3. Employment	3A. Share of women in the workforce	3A. Percent of employees (FTE) who are female	Permanent Employees: Female (OI2444) Permanent Employees: Total (OI8869) Temporary Employees: Female (OI6978) Temporary Employees: Total (OI9028)
	3B. Quality indicator beyond compliance	3B. Investee has initiative in place to specifically advance women in the workforce (Y/N)	Women's Career Advancement Initiative (OD4232) + one or more from the list below (disaggregated where needed by using the Target Stakeholder Demographic (PD5752) metric): 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)
4. Consumption	4. Product or service specifically or disproportionately benefits women	4A. Investee's product or service specifically or disproportionately benefits women (Y/N)	Product Targeted to Women (PD5677) + one or more from the list below (disaggregated where needed by using the Target Stakeholder Demographic (PD5752) metric): Stakeholder Engagement (OI7914) Client Savings Premium (PI1748) Client Individuals: Provided New Access (PI2822) Client Feedback System (OI5049)
		4B. Percent of customers who are female	Client Individuals: Female (PI8330) Client Individuals: Total (PI4060)
5. Indirect Investments (investments through financial intermediaries)	5. Financial intermediary meets one of the direct 2X criteria	5A. Share of FI's portfolio that meets at least one of the direct 2X criteria	[N/A – assessed through drawing on direct criteria 1-4, see sections 4 & 5]
		5B. Share of Fund's portfolio that meets at least one of the direct 2X criteria	

Owing to the IRIS+ central philosophy of data clarity and consistency, IRIS metrics have been aligned to 2X Challenge indicators, which often comprise two or more data points and would also often be expressed as two or more IRIS metrics. An example of this is 1B, in which the 2X Challenge indicator is “percent of company founder(s) who are female”, whereas in IRIS this is broken down into two metrics, Founders: Female (OI8197) and Founders: Total (OI2209), which together allow for the exact same data point through a simple calculation.

Similarly, to ensure data clarity and consistency across a diverse range of potential users, for the two qualitative 2X Challenge indicators:

- 3B. Investee has initiative in place to specifically advance women in the workforce (Y/N); and
- 4A. Investee's product or service disproportionately benefits women (Y/N)

The following IRIS metrics have been incorporated:

- Women's Career Advancement Initiative (OD4232)
- Product Targeted to Women (PD5677)

A metric's usage guidance influences its implementation. For example, in the case of Women's Career Advancement Initiative (OD4232), practitioners must select at least one additional metric from options provided in the metric's usage guidance to delineate how they are working toward that metric's fulfilment. For example, options include 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), or Anti-Discrimination Policy (OI9331).

It is important to note that these lists are not exhaustive and as always with the 2X Challenge, room for judgment should be applied.



3. Tips on aggregation, mode and frequency of data collection

3.1. Aggregation

Accurately gathering and measuring 2X Challenge indicators, as detailed in sections 4-6 below, will enable investors to carry out gender analysis at the portfolio level. This will provide a more holistic understanding of how and where gender gaps and opportunities may exist.

Under each indicator guidance in sections 4-6, we have included a suggested approach for aggregating at portfolio level. This is not prescriptive as there are multiple ways in which this can be approached, however on balance, we feel that the aggregation approach set out for each indicator is the least likely to skew data. Practitioners should use their judgement to determine whether the suggested aggregation approaches are appropriate for their portfolio, or whether an alternative method could be used.

Wherever feasible, data aggregated across the portfolio should be from the same financial year for consistency and comparability purposes, but also as recent as possible. Some companies may report in different start and end months, for example from October 1 to September 30, or January 1 to December 31. Data should be counted based on the company's financial year and any monthly differences do not need to be accounted for.

For each 2X Challenge indicator, portfolio data should only be counted for the companies that report on the indicator. It is best practice in reporting to include the coverage rate for the portfolio for each indicator, to give a sense as to how representative the aggregated reported figures are of a given portfolio.

3.2. Mode

We recommend practitioners start collecting 2X Challenge indicators at the due diligence stage of an investment, and then on an ongoing basis through mutually agreed reporting in the legal loan agreement/shareholder agreement/Limited Partner (LP) agreement. The recommended timeframe by which to have incorporated a data request for these indicators is set out by investment product type below.

Product	Timing
Direct debt	At signing
Direct equity	At close of funding round
Guarantees	At signing
On-lending (direct and indirect)	At signing
Funds	At close of funding round

Data can be collected either through a survey or reporting template, developed by the practitioner. This can be sent directly to the company to be populated or filled out by the practitioner during a company visit. It is recommended that the reporting template is developed so that it can easily be consolidated with data from other companies to allow for cross-company and portfolio analysis.

3.3. Frequency

In the first instance, 2X Challenge indicators should be collected from a company during the due diligence stage of the investment (see recommended product time in 3.2). This will set the baseline metrics for the company and provide high-level analysis for gender impact assessment across the investment. Once the investment is closed, we recommend data is collected on an annual basis. This could be either based on the financial year set by the company or by the practitioner. It is best practice to strive for consistency, whichever timeframe is chosen. Note that figures reported each year should be cumulative, not net amounts.

4. Applying aligned gender impact metrics to Direct Debt or Equity investments

4.1. Principles of applying the metrics to direct investments

The 2X Challenge indicators can be readily used to identify and monitor gender impact in direct investments. Investors can request that investees provide data against each of the indicators that are relevant to their business model.

4.2. Entrepreneurship (Owners, Founders)

There are two 2X Challenge indicators associated with the 2X Entrepreneurship criterion. These translate into the following metrics within the IRIS Catalog:

TOTAL ALIGNMENT		FEMALE OWNERS	
2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
1. Entrepreneurship	1A. Share of women ownership	1A. Percent of female ownership	Percent Female Ownership (OI2840)

DEFINITION: Female ownership is defined as company shares that are directly owned by women as of the end of the reporting period.

CALCULATION: To calculate percent of female ownership, practitioners should divide the number of company shares directly held by women by the total number of company shares.

2X QUALIFICATION: To qualify under the 2X sub-criterion 1A, the criterion stipulates 51% or more of ownership must be directly owned by women.

AGGREGATION: To aggregate this indicator, we suggest taking the total number of company shares directly held by women across the investor's portfolio and dividing it by the total number of company shares across the portfolio.

TOTAL ALIGNMENT		FEMALE FOUNDERS	
2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
1. Entrepreneurship	1B. Business founded by a woman	1B. Percent of company founder(s) who are female	Founders: Female (OI8197) Founders: Total (OI2209)

DEFINITION: Female founder must retain an active role in the organisation as of the end of the reporting period. An active role may include acting in an advisory capacity for key decisions and does not necessarily require a full-time role at the organisation.

CALCULATION: To calculate percent of company founder(s) who are female, practitioners should divide the number of female founders by the total number of founders. In terms of IRIS metrics, this means dividing Founders: Female (OI8197) by Founders: Total (OI2209).

2X QUALIFICATION: To qualify for the 2X Challenge under sub-criterion 1B, female founders must represent the majority of the total founders.

AGGREGATION: To aggregate this indicator, we suggest taking the total number of female founders across the portfolio and dividing it by the total number of founders across the portfolio. In terms of IRIS metrics, this means dividing Founders: Female (OI8197) by Founders: Total (OI2209) across the portfolio.

4.3. Leadership (Senior management, Board, Investment Committee)

There are three 2X Challenge indicators associated with the 2X Leadership criterion. These translate into six metrics within the IRIS Catalog of Metrics:

BEST
FIT

WOMEN IN SENIOR MANAGEMENT

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
2. Leadership	2A. Share of women in senior management	2A. Percent of senior management who are female	Full-time Employees: Female Managers (OI1571) Full-time Employees: Managers (OI8251)

DEFINITION: Under the 2X Challenge, senior managers are defined as employees at C-Suite level or equivalent (e.g. Managing Directors, Partners) as of the end of the reporting period. Titles may change depending on size and structure of a company, so practitioners should use their judgement to assess whether positions are C-Suite equivalent. The 2X Challenge indicator is measured in 'Full-Time Equivalents'.

The IRIS equivalent metrics here account for managers at all levels (e.g. senior, middle and junior). However, guidance is included in the IRIS Catalog to advise that where practitioners are measuring for the 2X Challenge, senior managers (defined as per above) should be disaggregated and counted separately. The IRIS metric is measured in 'Full-time Employees'. While, in theory, this varies slightly from the 'Full-Time Equivalents' measure of the 2X Challenge indicator, given that C-suite individuals are very rarely employed on a part-time basis, in practice this amounts to the same measure.

CALCULATION: To calculate percent of senior management who are female, practitioners should divide the number of female senior managers by the total number of senior managers. In terms of IRIS metrics, this means dividing the senior managers included in Full-time Employees: Female Managers (OI1571) by the senior managers included in Full-time Employees: Managers (OI8251).

2X QUALIFICATION: 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%).

AGGREGATION: To aggregate this indicator, we suggest taking the total number of female senior managers across the portfolio and dividing it by the total number of senior managers across the portfolio. In terms of IRIS metrics, this means dividing the senior managers in Full-time Employees: Female Managers (OI1571) by the senior managers in Full-time Employees: Managers (OI8251) across the portfolio.

TOTAL
ALIGNMENT

WOMEN ON THE BOARD

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
2. Leadership	2B(i). Share of women on the Board	2B(i). Percent of Board who are female	Board of Directors: Female (OI8118) Board of Directors: Total (OI1075)

DEFINITION: Board members are defined as members who play an active role on the Board as of the end of the reporting period. An active role may include acting in an advisory capacity for key decisions and does not necessarily require a full-time role at the organisation.

CALCULATION: To calculate percent of Board members who are female, practitioners should divide the number of women on the Board by the total number of Board members. In terms of IRIS metrics, this means dividing Board of Directors: Female (OI8118) by Board of Directors: Total (OI1075).

2X QUALIFICATION: 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.

AGGREGATION: To aggregate this indicator, we suggest taking the total number of female Board members across the portfolio and dividing it by the total number of Board members across the portfolio. In terms of IRIS metrics, this means dividing Board of Directors: Female (OI8118) by Board of Directors: Total (OI1075) across the portfolio.

TOTAL
ALIGNMENT

WOMEN ON THE INVESTMENT COMMITTEE

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
2. Leadership	2B(ii). Share of women on the IC	2B(ii). Percent of IC who are female	Investment Committee Members: Female (OI8709) Investment Committee Members: Total (OI7829)

DEFINITION: Investment Committee (IC) members are counted as voting members of the investment committee as of the end of the reporting period.

CALCULATION: To calculate percent of IC who are female, practitioners should divide the number of female IC members by the total number of IC members. In terms of IRIS metrics, this means dividing Investment Committee Members: Female (OI8709) by Investment Committee Members: Total (OI7829).

2X QUALIFICATION: To qualify under the 2X sub-criterion 2B(ii), the criterion stipulates that 30% or more members of the IC should be women.

AGGREGATION: To aggregate this indicator, we suggest taking the total number of female IC members across the portfolio and dividing it by the total number of IC members across the portfolio. In terms of IRIS metrics, this means dividing Investment Committee Members: Female (OI8709) by Investment Committee Members: Total (OI7829) across the portfolio.

4.4. Employment (Full Time Equivalent, Career advancement initiative)

There are two 2X Challenge indicators associated with the 2X Employment criterion. These translate into 15 IRIS metrics:

BEST FIT FEMALE EMPLOYEES			
2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
3. Employment	3A. Share of women in the workforce	3A. Percent of employees (FTE) who are female	Permanent Employees: Female (OI2444) Permanent Employees: Total (OI8869) Temporary Employees: Female (OI6978) Temporary Employees: Total (OI9028)

DEFINITION: In the 2X Challenge indicator, employees can comprise (i) permanently contracted and (ii) temporarily contracted (such as seasonal) workers, all on a Full-Time Equivalent (FTE) basis. This follows the HIPSO definition for FTE, which includes directly hired individuals and individuals hired through third party agencies so long as those individuals provide on-site services related to the operations of the client company. This also includes FTE worked by seasonal, contractual and part-time employees.

The IRIS equivalent metrics here also covers permanent employees and temporary employees (mapping to points (i) and (ii) above). These are on a headcount (rather than FTE) basis. However, a solution to the discrepancy between FTE (in the case of the 2X Challenge indicator) and headcount (in the case of IRIS equivalent metrics) is provided in the [‘Calculation’](#) section below.

CALCULATION: To calculate the percent of FTE employees that are female, practitioners should count the total number of female employees (FTE), and divide this number by the total number of employees (FTE). Depending on the type of business model⁷ invested in, this can include employees who are (i) permanently contracted and (ii) temporarily contracted.

In terms of IRIS metrics, this means adding Permanent Employees: Female (OI2444) (adjusted to be FTE, rather than headcount) to Temporary Employees: Female (OI6978) (adjusted to be FTE, rather than headcount), and then dividing this by Permanent Employees: Total (OI8869) (adjusted to be FTE, rather than headcount) added to Temporary Employees: Total (OI9028) (adjusted to be FTE, rather than headcount).

As per the HIPSO definition (see above) part-time jobs are converted to full-time equivalent jobs on a pro rata basis, based on local definition (e.g., if working week equals 40 hours, a 24 hr/week job would be equal to 0.6 FTE job). Seasonal or short-term jobs are prorated based on the portion of the reporting period that was worked (e.g., a full-time position for three months would be equal to a 0.25 FTE job if the reporting period is one year). If the information is not available, the rule-of-thumb is two part-time jobs equal one full-time job.

2X QUALIFICATION: To qualify for the 2X Challenge under sub-criterion 3A, the percent of FTEs must meet or exceed the sector-specific threshold and have an initiative in place to advance women in the workforce. In addition to the i) permanently contracted and (ii) temporarily contracted (such as seasonal) workers included in the 2X Challenge indicator, the 2X Criteria also allows for companies to count women in the wider supply chain, where this is material to the business model. These would be estimated and counted separately from the 2X Challenge indicator and could be used as evidence for eligibility for the Employment criterion.

Members can either confirm that each employment (permanently contracted and (ii) temporarily contracted (such as seasonal) workers, and (iii) wider supply chain) considered appropriate in the investee context meets the threshold individually OR the Member can take a weighted average of the relevant groups.⁸ These groups may include permanent employees, contracted workers or suppliers, depending on the context. Informal workers cannot be counted.

⁷ Practitioners should only ‘count’ the ‘employment type’ that is considered material to the business model in which they are invested. More information can be found in the Reference Guide to the 2X Challenge (publication forthcoming).

⁸ In addition, each group that is used to assess eligibility must benefit from some type of quality employment indicator. The quality employment indicator may be different between groups, but one must be present for each group. If one group (e.g., suppliers) is in a vastly different sector, then that sector's threshold may be applied. When developing a weighted average, the Member can determine which sector threshold would be appropriate to utilise.

Room for Judgment: The 2X member can determine which employee groups are appropriate to count considering factors such as:

- Relative size of group (e.g. groups comprising 25%+ of the workforce should be counted)
- Whether the employee group is critical to functioning of the investee
- The degree of leverage or influence the investee has over a specific employee group based on its sector, geographic or legal context (e.g. in some countries investees may not have the option to readily switch to suppliers with a larger female workforce)

AGGREGATION: To aggregate this indicator, we suggest taking the total number of female FTEs across the portfolio and dividing this figure by the total number of FTEs across the portfolio. In terms of IRIS metrics, this means adding Permanent Employees: Female (OI2444) (adjusted to be FTE, rather than headcount) to Temporary Employees: Female (OI6978) (adjusted to be FTE, rather than headcount), and then dividing this by Permanent Employees: Total (OI8669) (adjusted to be FTE, rather than headcount) added to Temporary Employees: Total [OI9028] (adjusted to be FTE, rather than headcount) across the portfolio..

BEST
FIT

INITIATIVE TO ADVANCE WOMEN IN THE WORKPLACE

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
3. Employment	3B. Quality indicator beyond compliance	3B. Investee has initiative in place to specifically advance women in the workforce (Y/N)	Women's Career Advancement Initiative (OD4232) + one or more from the list below (disaggregated where needed by using the Target Stakeholder Demographic (PD5752) metric): 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)

DEFINITION: Any company internal policy or programme – beyond that which is required by local law or compliance – that addresses barriers to women entering, maintaining, or advancing within the workforce, with record of implementation or commitment as of the end of reporting period. This can take a variety of forms, for instance: a mentorship programme designed to support more junior/mid-level women; enhanced maternity leave beyond legislative requirements; childcare facilities/subsidies; or targeted training and development opportunities for female workers.

CALCULATION: To determine if an investee has a targeted initiative(s) in place to advance women in the workforce, practitioners should evaluate the policies and programmes of the organisation and determine whether there is at least one policy or programme that addresses barriers to women as per the above definition.

Where it is determined that an investee has such as initiative in place, practitioners aiming to follow the IRIS metrics should confirm the Women's Career Advancement Initiative (OD4232) metric has been met. They must then also select at least one secondary metric from the IRIS options above to evidence how the Women's Career Advancement Initiative has been met. The IRIS Catalog of Metrics sets out detailed definitions of each secondary metric. Please note that maternity leave, onsite childcare and offsite subsidised childcare are captured under Employment Benefits (OI2742).

As per the 2X criteria and guidance within the IRIS Catalog, the secondary metrics must have specific benefit for women and must be at a level beyond compliance with local regulations and standards in the local context. To test for this specific benefit for women, practitioners can draw on the Target Stakeholder Demographic (PD5752) IRIS metric, which assesses whether the sub-metrics are indeed targeted at women as the primary stakeholder. This list is not exhaustive and will continue to be added to over time.

2X QUALIFICATION: 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. In some instances, reaching compliance can be a significant achievement in the absence of regulatory enforcement, and could be considered sufficient evidence to qualify for the 2X Challenge. As always with the 2X Challenge, room for judgment should be applied. More guidance on interpreting the 2X employment “quality” indicator is provided in **Reference Guide for 2X Challenge** (*publication forthcoming*).

AGGREGATION: To aggregate this indicator, we suggest dividing the total number of companies across the portfolio that report ‘Y’ for ‘initiative in place to advance women in the workforce’ by the total number of companies across the portfolio. In terms of IRIS metrics, this means dividing the number of companies that reported ‘Y’ for ‘Women’s Career Advancement Initiative’ (OD4232) by the total number of companies across the portfolio.

4.5. Consumption (Product targeted to women; female clients)

There are two 2X Challenge indicators associated with the 2X Consumption criterion. These translate into eight metrics within the IRIS Catalog:

BEST FIT PRODUCT/SERVICE SPECIFICALLY OR DISPROPORTIONATELY BENEFITS WOMEN			
2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
4. Consumption	4. Product or service specifically or disproportionately benefits women	4A. Investee’s product or service specifically or disproportionately benefits women (Y/N)	Product Targeted to Women (PD5677) + one or more from the list below (disaggregated where needed by using the Target Stakeholder Demographic (PD5752) metric): Stakeholder Engagement (OI7914) Client Savings Premium (PI1748) Client Individuals: Provided New Access (PI2822) Client Feedback System (OI5049)

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;⁹ 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.

CALCULATION: To determine whether the investee offers a product or service that specifically or disproportionately benefits women, practitioners should evaluate whether the product or service is intentionally targeted towards women and/or girls and/or addresses critical barriers to their economic participation and success, based on the definition above.

Where it is determined that an investee offers such a product or service that specifically or disproportionately benefits women, practitioners aiming to follow the IRIS metrics should confirm the IRIS metric Product Targeted to Women (PD5677) has been met. They must then also select at least one secondary metric from the IRIS metrics options above to evidence how the Product Targeted to Women metric has been met. As per the 2X criteria and guidance within the IRIS Catalog, the secondary metrics must have specific benefit for women and must be at a level beyond compliance with local regulations and standards in the local context. To test for this specific benefit for women, practitioners can draw on the Target Stakeholder Demographic (PD5752) IRIS metric, which assesses whether the sub-metrics are the targeted at women as the primary stakeholder.

⁹ This is measured for in 2X Challenge indicator 4B and IRIS Aligned Metrics PI8330 and PI4060, which both measure the percentage of female customers.

The IRIS Catalog sets out detailed definitions of each secondary metric. A summary is provided below:

- Stakeholder Engagement (OI7914) is applied where intentional approaches to align the design and provision of products and services with the priorities of stakeholders/clients are made by the investee, such as women-centred design.¹⁰
- Client Savings Premium (PI1748) is the ratio of the price savings obtained by the client from purchasing a product or service from the organisation compared to the average price that would be otherwise paid for a similar product or service in the local market. This is relevant for products such as improved cookstoves, which support women to realise monetary savings over time (through reduced spend on charcoal) and to improve women's health (as a result of reducing smoke inhalation).
- Client Individuals: Provided New Access (PI2822) is intended to capture the number of unique clients who were recipients of the organisation's products or services, who were unable to access these products and services from organisations in prior periods. This is relevant where women gain access to previously unobtainable products or services, such as formal bank accounts, tech-enabled solutions and low-cost medical care.
- Client Feedback System (OI5049): feedback systems should be designed to capture positive feedback, questions, and complaints. This is relevant where investees intentionally seek to capture women's feedback to improved product design, delivery and marketing.

This list is not exhaustive and will continue to be added to over time. As always with the 2X Challenge, room for judgment should be applied. More guidance on interpreting the 2X consumption criterion is provided in **Reference Guide for 2X Challenge** (*publication forthcoming*).

2X QUALIFICATION: 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. As always with the 2X Challenge, room for judgment should be applied. More guidance on interpreting the 2X "consumption" indicator is provided in **Reference Guide for 2X Challenge** (*publication forthcoming*).

AGGREGATION: To aggregate this indicator, we suggest dividing the total number of companies across the portfolio that report 'Y' for 'product or service specifically or disproportionately benefits women' by the total number of companies across the portfolio. In terms of IRIS metrics, this means dividing the number of companies that reported 'Y' for 'Product Targeted to Women' (PD5677) by the total number of companies across the portfolio.

TOTAL ALIGNMENT FEMALE CUSTOMERS

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator	IRIS Aligned Metric(s)
4. Consumption	4. Product or service specifically or disproportionately benefits women	4B. Percent of customers who are female	Client Individuals: Female (PI8330) Client Individuals: Total (PI4060)

DEFINITION: Clients who were recipients of the company or organisation's products or services during the reporting period, rather than foot traffic or consumer transactions. Generally, these should be direct purchasing clients. Client proxies (where women are the primary user but may not have purchased the product or service directly), should only be estimated where there was an intentional action to increase female clients – albeit indirectly. Household multipliers should not be used when reporting against this number. If the company/organisation is unable to report the number of clients based on direct data – for example, if products are sold via a network of distributors and number of clients reached is estimated based on number of units sold – then details on how and why these assumptions were made should be included in the reporting notes.

¹⁰ Women-centred design is an approach to problem solving, commonly used in design and management frameworks that develops solutions to problems by involving women's perspectives, behaviours, preferences and needs in all steps of the problem-solving process. Women's involvement typically takes place in observing the problem within context, brainstorming, conceptualising, developing, and implementing the solution.

For healthcare providers, the term “client individual” typically refers to patients. For education providers, it typically refers to students. For housing providers, it typically refers to residents or tenants.

CALCULATION: To calculate percent of customers who are female, practitioners should divide the number of female clients during the reporting period by the total number of clients during the same period. In terms of IRIS metrics, this means dividing Client Individuals: Female (PI8330) by Client Individuals: Total (PI4060).

2X QUALIFICATION: To qualify for the 2X Challenge under sub-criterion 4B, women must comprise the majority of customers (either direct or by proxy, as beneficiaries). Please see **Reference Guide to the 2X Challenge** for more details (*publication forthcoming*).

AGGREGATION: To aggregate this indicator, we suggest taking the total number of female customers across the portfolio and dividing it by the total number of clients across the portfolio. In terms of IRIS metrics, this means dividing Client Individuals: Female (PI8330) by Client Individuals: Total (PI4060) across the portfolio.



5. Applying aligned gender impact metrics to Financial Institutions (FIs)

5.1. Principles of applying the metrics to FIs

The 2X Challenge indicators apply differently to Financial Institutions (FIs) depending on the type of investment product, and whether this involves directed lending to financial intermediaries with a defined use of proceeds. The different approaches are set out in 5.2. and 5.3. below.

5.2. Equity investment or non-directed lending to an FI

For Equity investments or Debt investments involving non-directed lending (e.g. Tier 2 or Senior Debt), the 2X Challenge indicators should be applied in the same way as direct investments, as set out in section 4.

For the avoidance of doubt, the indicators would be applied to the following stakeholders, highlighted in bold italics:

Table 3: 2X Challenge indicators applied to non-directed lending to an FI

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator
1. Entrepreneurship	1A. Share of women ownership	1A. Percent of female ownership <i>in the FI</i>
	1B. Business founded by a woman	1B. Percent of <i>FI</i> founder(s) who are female (<i>not female-led SMEs</i>)
2. Leadership	2A. Share of women in senior management	2A. Percent of senior management <i>in the FI</i> who are female
	2B(i). Share of women on the Board	2B(i). Percent of Board <i>of the FI</i> who are female
3. Employment	3A. Share of women in the workforce	3A. Percent of employees (FTA) <i>in the FI</i> who are female
	3B. Quality indicator beyond compliance	3B. <i>FI</i> has initiative in place to specifically advance women in the workforce (Y/N)
4. Consumption	4. Product or service specifically or disproportionately benefits women	4A. <i>FI's</i> product or service specifically or disproportionately benefits women (Y/N)
		4B. Percent of <i>FI's</i> customers who are female (commercial and/or retail clients)

In these cases, as you are investing directly in the FI “as a business” rather than “through a financial intermediary”, if any of the 2X threshold are met, you would qualify the investment under the relevant 2X criteria from 1-4 rather than 2X Criteria **5. Investments through Financial Intermediaries** (see section 1.3 for the full criteria).

5.3. Directed lending to an FI

Debt investments involving directed lending aim to target a client grouping (e.g. women-owned SMEs) through specified use of proceeds or earmarking. In these cases, the relevant 2X Challenge criterion would be criterion **5. Investments through Financial Intermediaries**, and not criterion **4. Product or Service Specifically or Disproportionately Benefits Women**. As the investment is not in the FI “as a business” (as is the case for Equity investments or non-directed loans to FIs), but rather “through the FI”, to provide financing to specific customers, a different indicator is used: 5A. Share of FI’s portfolio that meets at least one of the direct 2X criteria (see table 4 below).

Table 4: 2X Challenge indicator for directed lending “through an FI”

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator
5. Indirect Investments (investments through financial intermediaries)	5. Financial intermediary meets one of the direct 2X criteria	5A. Share of FI’s portfolio that meets at least one of the direct 2X criteria

This indicator is designed to capture the percentage of an FI’s portfolio that meets any direct criteria. This therefore includes lending to women-owned and/or women-led businesses; lending to businesses that employ $\geq 40\%$ women (provided they also have a “quality indicator” in place); and lending to businesses providing products and services that specifically or disproportionately benefit women.

The FI investee or ultimate lender/investor will therefore need to use the direct 2X Challenge indicators (as set out in [table 3](#)) to analyse their portfolio to be able to provide data against indicator 5A. In practice, collecting data against each 2X Challenge indicator at the FI client level may prove challenging, and we anticipate that in many cases, indicator 4B. Percent of **FI**’s customers who are female (commercial and/or retail clients), will be the primary indicator used to collect data to then report against indicator 5A. Nonetheless, if an FI or ultimate lender/investor were able to collect the corresponding direct criteria indicators for leadership and employment, for example, they could use them to report against indicator 5A. If the percentage of an FI’s portfolio that meets at least one of the direct 2X criteria is $\geq 30\%$, the investee would be eligible to qualify for the 2X Challenge.



6. Applying aligned gender impact metrics to Funds

6.1. Principles of applying the metrics to Funds

The 2X Challenge indicators can be collected at the level of the (1) General Partner (GP), (2) the Fund, and (3) at the level of the underlying portfolio of investee companies.

6.2. Applying indicators at the level of the GP or the Fund

For investments in funds, the metrics can be applied at the level of the GP (as an organisation), or in certain cases, the Fund (as a sub-organisational structure) in the same way as direct investments. For the avoidance of doubt, the indicators would be applied to the following stakeholders, highlighted in bold italics:

Table 5: 2X Challenge indicators applied at the level of the GP or the Fund

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator
1. Entrepreneurship	1A. Share of women ownership	1A. Percent of female ownership of the GP
	1B. Business founded by a woman	1B. Percent of GP founder(s) who are female
2. Leadership	2A. Share of women in senior management	2A(i). Percent of senior management of the GP who are female
		2A(ii). Percent of senior management of the Fund who are female
	2B(i). Share of women on the Board	2B(i). Percent of Board of the GP who are female
	2B(ii). Share of women on the IC	2B(ii). Percent of IC of the Fund who are female
3. Employment	3A. Share of women in the workforce	3A(i) Percent of FTE in the GP who are female
		3A(ii) Percent of FTE in the Fund who are female
	3B. Quality indicator beyond compliance	3B. GP has initiative in place to specifically advance women in the workforce (Y/N)

Given there are often two governance structures within Fund Managers – one at the level of the GP and one at the level of the specific Fund, many of the leadership metrics can be applied to both, as indicated above. Either can be used to qualify as a 2X investment.

The Consumption metric is not relevant here, as assessing whether the Fund “specifically or disproportionately benefits women” is undertaken by analysing the underlying portfolio (which is dealt with in 6.3. below).

6.3. Applying indicators at the level of the underlying portfolio

As indicated above, the 2X Challenge indicators can also be applied at the level of the Fund's underlying portfolio of investee companies. In these cases, the relevant 2X Challenge criterion would be **5. Investments through Financial Intermediaries**. The associated indicator is: 5B. Share of Fund's portfolio that meets at least one of the direct 2X criteria (see table 6 below).

Table 6: 2X Challenge indicator for Fund's underlying portfolio

2X Direct Criterion	2X Direct Sub-Criterion	2X Challenge Indicator
5. Indirect Investments (investments through financial intermediaries)	5. Financial intermediary meets one of the direct 2X criteria	5B. Share of Fund's portfolio that meets at least one of the direct 2X criteria

This indicator is designed to capture the percentage of a Fund's portfolio that meets *any* direct criteria. This includes investment to women-owned and/or women-led businesses; investment in businesses with women in senior management and on the Board; investment in businesses that employ $\geq 40\%$ women (providing they also have a "quality indicator" in place); and investment in businesses providing products and services that specifically or disproportionately benefit women.

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 $\geq 30\%$, the investee would be eligible to qualify for the 2X Challenge.

Notes

Notes



CDC Group

cdcgroupp.com

2X Challenge

2xchallenge.org

GIIN

thegiin.org

IRIS+

iris.thegiin.org

