

2X Challenge

2X Criteria Reference Guide

Updated as of February 2024



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Taking the 2X standard setting work to the next level

2X Global and the 2X Challenge, underpinned by the 2X Criteria, have played an important role in building the field of gender lens investing (GLI). Today, hundreds of companies and investors around the world use the 2X Criteria as a global standard for gender finance. The 2X Criteria framework comprises of the Criteria, the Principles, and the Reference Guide. The Criteria have underlying, internationally harmonised metrics integrated into IRIS+ and HIPSO, and are aligned with other standards such as the OECD DAC Gender Equality policy marker.

With this latest edition of the 2X Criteria Reference Guide, we provide guidance on the updated 2X Criteria launched in January 2024. The 2X Criteria will continue to be a public good and can be used by anyone in the market to set their own targets for new business and/or portfolio targets, and self-report on their alignment with the 2X Criteria. This means, the 2X Criteria are applicable to any kind of Investor or financial institution (FI), whether you are an impact investor, development finance institution, international finance institution, multi-lateral development bank, pension fund, endowment, asset manager, private equity firm, individual investor or other capital provider to screen and mark/tag deals as 2X-aligned for their internal reporting and tracking purposes.

The 2X Criteria can also be used by private sector companies to assess their practices against the criteria.

A new 2X Certification mechanism is currently in piloting and will be launched later in 2024. In this context, the 2X Standards have further evolved with a more comprehensive methodology building on the 2X Criteria and taking them to the next level: from 'good' to 'advanced' to 'best-in-class'. A separate user guide will be provided once the 2X Certification is launched.

2X Criteria impact objectives

The 2X Criteria drive investment in women in six ways to meet a range of objectives

2X address women...

... in order to:

1

as Entrepreneurs and Owners

- Expand opportunities for women entrepreneurs and business owners by providing access to finance
- Promote women entrepreneurs and business owners as role models

2

as Leaders

- Promote equal opportunity and the benefits of corporate diversity
- Promote women business leaders as role models

3

as Employees

- Drive increased gender diversity of employees and improve women's access to quality work opportunities
- Support women's career advancement and development

4

as Suppliers and Supply chain workers

- Enhance supplier diversity
- Empower businesses which are owned, led or founded by women, or that provide access to quality work opportunities for women.

5

as Consumers

- Provide women access to products and services that enhance their well-being and/or drive gender equity

6

via a financial intermediary's Portfolio

- Indirectly support businesses which are owned, led or founded by women, provide decent work to women, or design products and services with women in mind.

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How to use the 2X Criteria Reference Guide

This document is a reference guide for investors and financial institutions wishing to align their investments with the 2X Criteria.

- ▶ This reference guide provides **guidance on how to apply the 2X Criteria in various sectors, contexts and geographies**, including frequently asked questions (FAQs). While much of the guidance is tailored towards investment transactions, independent companies can also assess their practices against the 2X Criteria using this guide.
- ▶ It was **developed based on decisions and learnings of the 2X Challenge Working Group¹** during the 2X Challenge 2018-2023. The updated guide published in February 2024 features crucial updates made to the 2X Criteria based on the practical experience of the past years of the 2X Challenge and broader stakeholder feedback. The 2X Criteria updates are effective as of January 2024 and investors have a transition period until June 2024 during which they may still use the previous version of the 2X Criteria for investments that are already in the pipeline.
- ▶ Meant to be **used in conjunction with other existing 2X guidance documents**, including 2X/IRIS+ guidance on 2X Challenge indicators, which can be found [here](#).
- ▶ It can be **used by any kind of Investor/FI wishing to use and apply the 2X Criteria**, whether you are an impact investor, development finance institution, international finance institution, multi-lateral development bank, pension fund, endowment, asset manager, private equity firm, individual investor or other capital provider.

¹The 2X Challenge Working Group is formed of representatives from all 2X Challenge members.

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How to use the 2X Criteria Reference Guide

This document is a reference guide for investors and financial institutions wishing to align their investments with the 2X Criteria.

- It is not meant to be read end-to-end. Investors/FIs should utilise this as a reference guide to locate information on specific topics within each of the criteria. The index on the left can be used to navigate the document more easily.
- It is not meant to grant investors, financial institutions and companies the ability to qualify investments for the 2X Challenge, which is the sole prerogative of 2X Challenge members². Use of this guide does not imply endorsement of an investment or a company by the 2X Challenge or its members.

➤ *Important note:* The 2X Criteria Reference Guide is written from the perspective of an investor who uses the guide. As such, “investee” refers to either a company, fund or financial institution, whoever is the recipient of investment. Investment can mean equity, debt, mezzanine, guarantee or another form of capital.

²As of 2024, investors and capital providers beyond DFIs and MDBs can become official members of the 2X Challenge. [learn more.](#)

Contact us [to](#)

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2X Criteria Principles

These four principles can be considered when determining whether an investment is 2X aligned



2X counts and values women

Gender lens investing often focuses on counting women, which may overlook opportunities to highlight or enhance women's *value*, both intrinsically and to investors, investees and society at large. In addition to quantitative criteria that measure how investees include women, this guidance recommends qualitative criteria that measure how investors/FIs and investees value women.



2X celebrates success while encouraging progress

The 2X Criteria can identify and promote best practices by celebrating investees that have already achieved 2X alignment. Driving change, however, will also require investors/FIs to encourage and celebrate investees willing to make long-term, resourced, and measurable commitments to empower women.



2X Criteria thresholds are aspirational but reasonable

The 2X Criteria aim to encourage investors and investees to empower women beyond the norm for their sector and geography. Setting the bar too low risks approving 'business-as-usual' transactions while setting the bar too high risks discouraging investees from trying. Setting the bar correctly, a task that will require iteration, has the potential to encourage long-term behavioral shifts.



2X Criteria and additional considerations should be viewed in business context

The 2X Criteria provide a backbone for gender investment analysis. The updated 2X Criteria Thresholds provide contextualisation at the nexus of country and sector. Investors may choose to consider additional factors beyond the 2X Criteria based on gender analysis in the specific context. Detailed guidance and practical examples are included in the subsequent pages.

For any efforts to count under the 2X Criteria, the level of ambition needs to be above the legal minimum (.e. beyond compliance)

2X Criteria

Updated as of January 2024



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2X Criteria

Key developments and changes from the previous 2X Criteria developed in 2018

Investments align with the 2X Criteria if they meet basic 2X ESG (including safeguarding) and minimum Governance & Accountability requirements¹, 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 ¹	Yes/No
1 Entrepreneurship & Ownership OR 2 Leadership	1A. Share of women ownership	51%
	1B. Business founded by a woman	50%
2 Leadership OR 3 Employment ³	2A. Share of women in senior management	Varies ²
	2B. Share of women on the Board or Investment Committee	Varies ²
3 Employment ³ OR 4 Supply Chain	Share of women in the workforce AND One "quality" Employment indicator ⁴ beyond compliance	Varies ² Yes/No
	Commitment to women in supply chain AND One "quality" Supply Chain indicator ⁴ beyond compliance	Yes/No Yes/No
4 Supply Chain OR 5 Products & Services	Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity	Yes/No

Codified & language update (previously 'intentionality')

Explicit mention of Ownership

Explicit elevation (previously under Employment)

Language update (previously 'Consumption')

Explicit

6 Portfolio⁵

6A. Financial Institutions (FIs): Percent of the investor loan proceeds or percent of FI's portfolio supporting businesses that meet the 2X Criteria

30%

6B. Funds: Percent of portfolio companies that meet the 2X Criteria

30-50%

Variable thresholds: country & sector specific

Shifted framing (previously under Indirect Criteria)

¹ 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.

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

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

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

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

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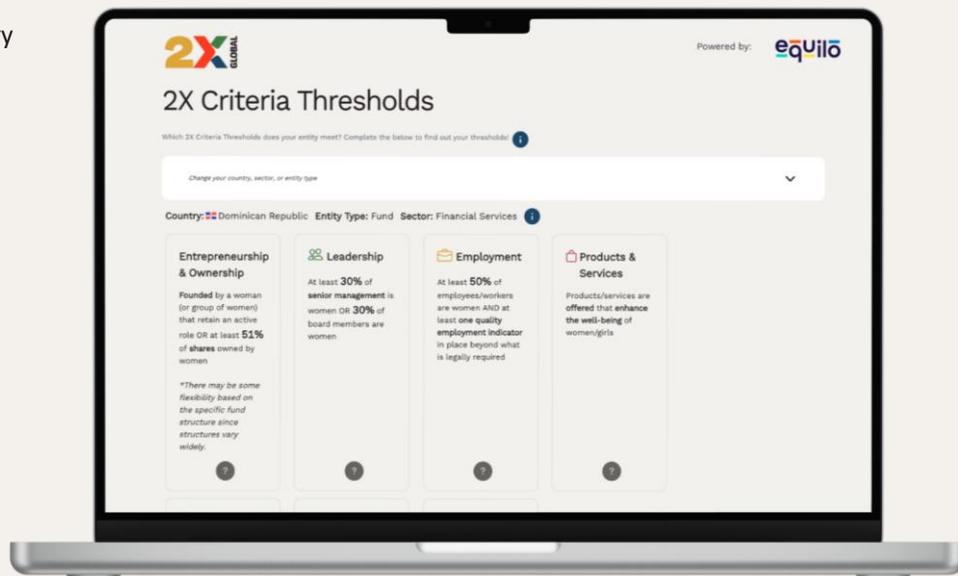
2X Criteria: Country & sector specific thresholds

Updated as of January 2024

These thresholds provide minimum requirements for global gender lens investment and organisational practices for companies and investors of all sizes. For select 2X Criteria (i.e., Leadership & Employment), thresholds have been determined based on respective country and sector contexts.

The thresholds are responsive to country and sector-specific benchmarks based on the best available data at the time. All underlying sources & the methodology for benchmarking is published on the 2X Challenge website.

www.2xchallenge.org/2xcriteria



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2X Criteria: Companies

Investments in Companies align with the 2X Criteria if they meet basic 2X ESG (including safeguarding) and minimum Governance & Accountability requirements, **AND**

- (a) have at least ONE of the five 2X Criteria met, **AND**
- (b) provide a time-bound commitment to meeting an additional Criteria.

2X 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 ¹	Yes/No
1	Entrepreneurship & Ownership	1A. Share of women ownership 51%
	OR	1B. Business founded by a woman 50%
OR		
2	Leadership	2A. Share of women in senior management Varies ²
	OR	2B. Share of women on the Board or Investment Committee Varies ²
OR		
3	Employment¹	Share of women in the the workforce AND One “quality” Employment indicator ² beyond compliance Varies ² Yes/No
	OR	
4	Supply Chain	Commitment to women in supply chain AND One “quality” Supply Chain indicator ² beyond compliance Yes/No Yes/No
	OR	
5	Products & Services	Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity Yes/No

¹ 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.

² For direct investments, thresholds vary based on sector/country intersection.

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

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

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2X Criteria: Financial Institutions (FIs)

FI must meet the basic 2X ESG (including safeguarding) and minimum Governance & Accountability requirements AND

(a) at least ONE of the 2X Criteria 1-5 at the FI level (Criteria 4 unlikely to apply) **OR** (b) vice versa: the Portfolio threshold AND at least ONE of the 2X Criteria 1-5 at the FI level **OR** a target for the Portfolio threshold

IMPORTANT NOTES:

- Criteria 6A: if use of proceeds are stipulated in a legal doc, it counts as "met" not "commitment";
- Portfolio Companies of FIs must meet ONE Criteria + Basic ESG (i.e. no additional Criteria commitment nor the Governance & Accountability metrics); and
- At Portfolio level, FIs may use the [country-sector specific thresholds](#) or simplified thresholds (see next page)

Basic 2X ESG		
Governance & Accountability	Gender strategic action(s), management system(s) and data ¹	Yes/No
1	Entrepreneurship & Ownership	1A. Share of women ownership 51%
	OR	1B. Business founded by a woman 50%
2	Leadership	2A. Share of women in senior management Varies²
	OR	2B. Share of women on the Board or Investment Committee Varies²
3	Employment³	Share of women in the workforce AND Varies² One "quality" Employment indicator ⁴ beyond compliance Yes/No
	OR	
4	Supply Chain	Commitment to women in supply chain AND Yes/No One "quality" Supply Chain indicator ⁴ beyond compliance Yes/No
	OR	
5	Products & Services	Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity Yes/No

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6A. Financial Institutions (FIs): Percent of the investor loan proceeds or percent of FI's portfolio supporting businesses that meet the 2X Criteria

30%

¹ 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.

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

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

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

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

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2X Criteria: FIs – Portfolio level

- **Basic ESG & GBVH Safeguarding** - FIs must have an E&S management system in place which also addresses gender risks at portfolio level.
- **2X Criteria Thresholds** - At the Portfolio level, FIs may use [the country-sector specific thresholds](#) or simplified thresholds as it appears below keeping in mind:
 - Where the **portfolio is concentrated >75% in one sector**, best practice is to use the country-sector threshold

Basic 2X ESG		
Governance & Accountability		
		Gender strategic action(s), management system(s) and data ¹
1	Entrepreneurship & Ownership	1A. Share of women ownership 51%
		OR
		1B. Business founded by a woman 50%
	OR	
2	Leadership	2A. Share of women in senior management 30[40]%²
		OR
		2B. Share of women on the Board or Investment Committee 30[40]%²
	OR	
3	Employment³	Share of women in the workforce (see table) AND 30-50%
		One “quality” Employment indicator ⁴ beyond compliance Yes/No
	OR	
4	Supply Chain	Commitment to women in supply chain AND Yes/No
		One “quality” Supply Chain indicator ⁴ beyond compliance Yes/No
	OR	
5	Products & Services	Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity Yes/No

Employment		
Share of women in workforce		
Grp	Sector	%
Low	Infrastructure	
	Power	30%
	Telecommunications	
Mid	Financial Services	40%
	Manufacturing - Heavy	
	Agribusiness & Food	
	Professional Services	
High	Healthcare	50%
	Education	
	Customer Services	
	Manufacturing - Light	

¹ 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.

² For direct investments, thresholds vary based on sector/country intersection.

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

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

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2X Criteria: Funds

Funds must meet the basic 2X ESG (including safeguarding) and minimum Governance & Accountability requirements AND

(a) FUND MANAGER LEVEL

Meets at least ONE of the 2X Criteria 1-5 OR a sets a time-bound commitment for doing so;

AND

(b) PORTFOLIO LEVEL

(A target of) either 30% of investees at origination or 50% of investees by the end of the fund's life must meet the 2X Criteria

Basic 2X ESG		
Governance & Accountability	Gender strategic action(s), management system(s) and data ¹	Yes/No
1	Entrepreneurship & Ownership	1A. Share of women ownership 51%
	OR	1B. Business founded by a woman 50%
2	Leadership	2A. Share of women in senior management Varies²
	OR	2B. Share of women on the Board or Investment Committee Varies²
3	Employment³	Share of women in the workforce AND Varies² One "quality" Employment indicator ⁴ beyond compliance Yes/No
	OR	
4	Supply Chain	Commitment to women in supply chain AND Yes/No One "quality" Supply Chain indicator ⁴ beyond compliance Yes/No
	OR	
5	Products & Services	Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity Yes/No

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Portfolio⁵

6B. Funds:
Percent of portfolio companies that meet the 2X Criteria

30-50%

¹ 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.

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

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

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

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

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Frequently Asked Questions (FAQs)

These questions were developed with the 2X Challenge Working Group to guide in implementation. Click on the questions below to read the detailed guidance.

- 1 When is 2X alignment assessed?
- 2 What types of investee commitments can make an investment 2X aligned?
- 3 Can other considerations aside from the 2X Criteria be used to determine 2X alignment?
- 4 What thresholds should be used if an investee sits across multiple sectors/countries?
- 5 How can investments through financial intermediaries be 2X aligned?
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1. When is 2X alignment assessed?

Investment alignment with the 2X Criteria can be assessed at any point during the life of the investment. Each investment must be individually assessed by the Investor/FI .

Alignment with the 2X Criteria can be achieved by meeting the Basic 2X ESG (including safeguarding) and minimum Governance & Accountability requirements¹, **AND**

- a) have at least ONE of the six 2X Criteria met, **and**
- b) provide a time-bound commitment to meeting an additional 2X Criteria.²

Country and sector specific thresholds: <https://www.2xchallenge.org/2xcriteria>



Monitoring: Investors/FIs are expected to monitor performance against the 2X Criteria annually over the life of the investment and proactively support investees to maintain or exceed the threshold(s).

Illustrative examples:



Example: An Investor/FI identifies a new investee that is 2X aligned based on Criteria 2 (Leadership). The investee makes a time-bound commitment to meeting the Employment threshold within 3 years, showing interim progress within 2 years.

Per good practice, the Investor/FI monitors adherence to the Leadership threshold over time, monitors progress towards the Employment threshold target and develops a Gender Action Plan to support additional efforts to support women's career advancement



Example: An Investor/FI identifies an existing investee that meets Criteria 5 (Products & Services). This investee makes a clear and resourced commitment to meet Criteria 2 (Leadership) within 24 months of the Investor/FI's investment. The Investor/FI identifies the transaction as aligned with the 2X Criteria and monitors progress on the 2X Criteria annually.

¹ 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.

² For funds and FIs, this applies to at least one criteria at the FI/fund manager level as well as at the portfolio level

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2. What types of investee commitments can make an investment 2X aligned?

An investee must meet the Basic 2X ESG (including safeguarding) requirements and minimum Governance & Accountability, **AND** (a) have at least ONE of the six 2X Criteria met, and (b) provide a time-bound commitment to meeting an additional Criteria.

Commitments should be written and include a mix of specific targets, action items with roles and responsibilities, resource allocation, and a monitoring, evaluation and learning (MEL) plan.¹ These commitments can be used as a tool to engage with new investees and 'nudge' existing investees to maintain or make organisational shifts that benefit women.

Considerations: Investors/FIs can exercise discretion to assess the quality, clarity, and 'measurability' of commitments.

Minimum Expectations for 2X Challenge: Annual monitoring is required and time-bound commitments on a second 2X Criteria are either met within 2 years OR there is progress on 2X Criteria indicator measuring the commitment (increase), otherwise the deal is excluded.

Illustrative examples:



Example: In addition to already meeting Criteria 1 (Entrepreneurship & Ownership), the investee commits to increasing the share of women employees in its operations to meet the 2X country-sector threshold with:

- ✓ Clear time-bound targets (final and interim)
- ✓ Action items (including revising HR policies for improvements on gender equity and inclusion)
- ✓ Monitoring system

The Investor/FI considers the transaction as 2X aligned and conducts annual monitoring.



Example: An investee makes a public statement around the importance of diversity and the role of gender diversity on the Board of Directors. This does not fulfill the requirement for a clear and measurable commitment, therefore the investee is not aligned with the 2X Criteria.



Good Practice:
Support investees to meet their commitments through technical assistance

¹ Commitments can be codified in documents such as a side letter, Gender Action Plan with senior level oversight, Memorandum of Understanding, or a similar document deemed appropriate by the investee and the Investor/FI. These documents can be binding or non-binding at the Investor/FI discretion.

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2. What types of investee commitments can make an investment 2X aligned?

Illustrative examples:



Example: A healthcare investee unwittingly meets Criteria 2 (40% of senior leaders are women) and not any other Criteria. The company is identified as 2X aligned if it commits to meeting an additional 2X Criteria in a determined future time, provided it also meets the Governance & Accountability minimum requirements.

Per good practice, the Investor identified why the investee was not meeting other criteria and further supported the investee in taking a gender lens by introducing clear targets on gender diversity and more structured hiring processes.



Example: A fund meets Criteria 6 (Portfolio) by committing to have 50% of portfolio companies 2X aligned by the end of the fund life. The fund manager also makes a time-bound commitment to meet the Leadership criteria within a reasonable timeframe, including an interim target after 2 years. However, the fund manager does not yet fulfill the Governance & Accountability (G&A) minimum requirements. The investor agrees to support the fund manager to meet those G&A requirements within 2 years and documents this in an MOU. Based on this commitment with a max. 2-year timeframe, the investment counts as 2X aligned.



Example: One Investor's investment was aligned under Criteria 1 (Entrepreneurship & Ownership) as it was founded by a woman who still plays an active role in the company. However, the company is unwilling to make a time-bound commitment to a second 2X Criteria, and so the investment is not 2X aligned.

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4. What thresholds should be used if an investee sits across multiple sectors/countries?

The 2X Criteria Thresholds for Leadership and Employment are based on the latest benchmarking data at the nexus of country and sector (check the 2X Criteria thresholds here: 2xchallenge.org/2xcriteria).

Sectors: When having to choose between multiple sectors, the Investor/FI can choose to aim for the 'primary' sector that the investment maps to, or the one with the higher threshold, or a blend if it truly feels like it fits multiple sectors. Meanwhile, Funds should be assessed for the Financial Services threshold (at the Fund Manager level).

Countries: When having to choose between multiple countries, the Investor/FI can choose to aim for the 'primary' country that the investment maps to, use the country with the higher threshold, or use thresholds for each country where the investee operates. Meanwhile, in the context of funds, the fund manager should be assessed based on the country where they most operate rather than where the fund is legally domiciled.

Illustrative examples:

✓ **Example:** An investee provides solar home systems to consumers in Senegal. The Investor/FI maps this investee to both the 'consumer services' and 'infrastructure' sectors and combines both thresholds to assess 2X alignment: the employment threshold for Senegal 'consumer services' is 45% whereas for 'infrastructure' it is 25%; the blended threshold (simple average) is thus 35%.

✓ **Example:** An Investor/FI is determining 2X alignment of a Fund investing in the MENA region, established in Mauritius. The team has its office and a majority (75%) of their investments in Egypt. The Investor/FI uses 2X Criteria thresholds for Financial Services in Egypt to determine 2X alignment at the Fund Manager level.

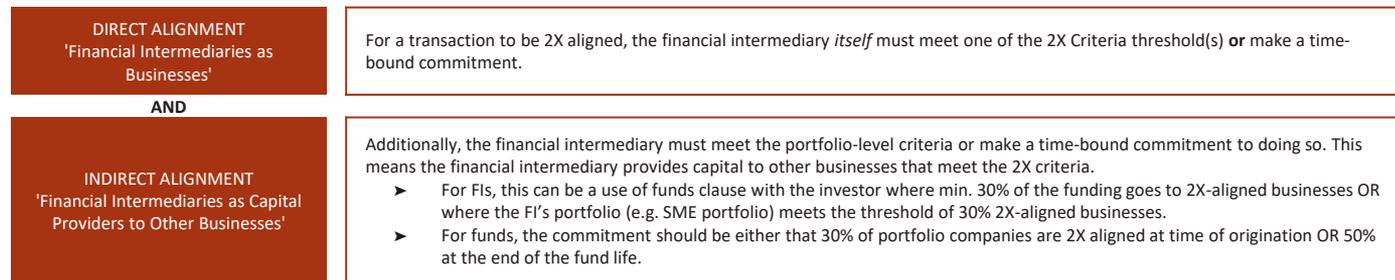
✗ **Example:** An investee provides educational content to new mothers via a cellphone application. Women comprise 35% of the company's leadership team. The investee classified itself in the telecom sector, but the Investor/FI decides it is more appropriate to map it to the education sector (higher threshold) and uses the higher threshold to assess alignment. The Investor/FI determines it is not 2X aligned.

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5. How can investments through financial intermediaries be 2X aligned?

Investments in financial intermediaries (e.g., banks, microfinance institutions, non-bank financial institutions, and funds) must align with the 2X Criteria directly and through their Portfolio.



NOTE: Use of the Portfolio criteria should be reserved for financial intermediaries that serve businesses rather than individuals. Financial intermediaries that provide capital to individual women (e.g., personal loans) can be aligned under the consumption criteria with a threshold of 50% of portfolio.

Illustrative examples:

✓ **Example:** An Investor/FI invests in a bank whose Chief Financial Officer is a woman. 40% of the C-Suite are also now women, partially due to the bank's diversity efforts in the past 5 years. While the share of companies that meet at least 1 of the 2X Criteria in the bank's portfolio is currently below 15%, the bank commits to developing a gender-smart product offering as part of its SME portfolio to reach 30% of WSMEs. The bank is considered 2X-aligned.

✓ **Example:** An Investor/FI invests in a fund focused on supporting youth entrepreneurs in India, half of whom will be women. The fund itself has developed a programme to attract and retain more women in the financial industry. It already meets the employment criteria and has set targets to reach 40% of women employees within 2 years. The investment is considered 2X-aligned.

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6. What is gender analysis?

Investors using the 2X Criteria regularly conduct gender analysis alongside financial analysis.

“A gender analysis examines the differences in women’s and men’s roles and responsibilities, daily routines and activities, and access to and control over resources, services and decision-making, including those that lead to social and economic inequalities.”¹

What are some examples of gender analysis methodologies?

Gender analysis may be conducted through various methodologies such as *(but not limited to)*²:

- **Sex-disaggregated surveys**
- **Focus group discussions with women beneficiaries**
- **Sex-disaggregated demand analysis** which segments customer demand
- **Activity and incomes profiles**, which help reveal how men and women spend their time and earn income
- **Access and control profiles**, which focus on resources, asset ownership & access in households & community
- **Benefits profiles**, which identify whose needs are likely to be met by the project services and facilities
- **Community mapping**, which involves residents in mapping out assets and opportunities

What is the difference between primary and secondary evidence?

Primary evidence is data **collected directly by the investee** (e.g., focus groups). On the other hand, **secondary evidence** is data collected by a **credible and accurate external source** (e.g., regional study by a statistics bureau).

What determines if secondary evidence is relevant?

The relevance of secondary evidence depends on three key dimensions: 1) **Geography**: Data is focused on the local context of the project or is from a context which is similar enough for the insights to be transferable, 2) **Sector**: Data is focused on the same sector as the project, and 3) **Date of collection**: Data has been collected recently enough to be considered reliable in the current context

¹ OECD, Handbook on the OECD-DAC Gender Equality Policy Marker, 2016

² UNOPS, Guide on integrating gender throughout infrastructure project phases in Asia and the Pacific, 2019

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7. How do you mitigate gender risks?

There are a variety of measures that can help to mitigate gender-related risks that apply ‘do not harm’ principles

Examples of gender risk mitigating baseline standards (not exhaustive):

- Collection of **sex-disaggregated data** during the social and environmental assessments to identify the impact of the project on women and girls.
- **Code of conduct and training** for staff of all contractors/operators, as well as **community awareness campaigns**, on **Gender-Based Violence and Harassment (GBVH)** and **gender discrimination**.
- **Construction planning** incorporates **safety and security considerations specific to women**, e.g., for transport between construction site and their home/accommodation and for men/women interactions on site, including adapted formal and informal channels for work-related grievances.
- Culturally appropriate and accessible **grievance mechanism** to receive and facilitate resolution of local women and girls’ concerns.
- **If resettlement is unavoidable**, the process is carried out in a way to ensure that women have access to **equal financial compensation and property rights**, for instance in the form of joint titles (in the names of both wife and husband) of all assets granted as compensation.

[Read more examples of risk management actions here](#)

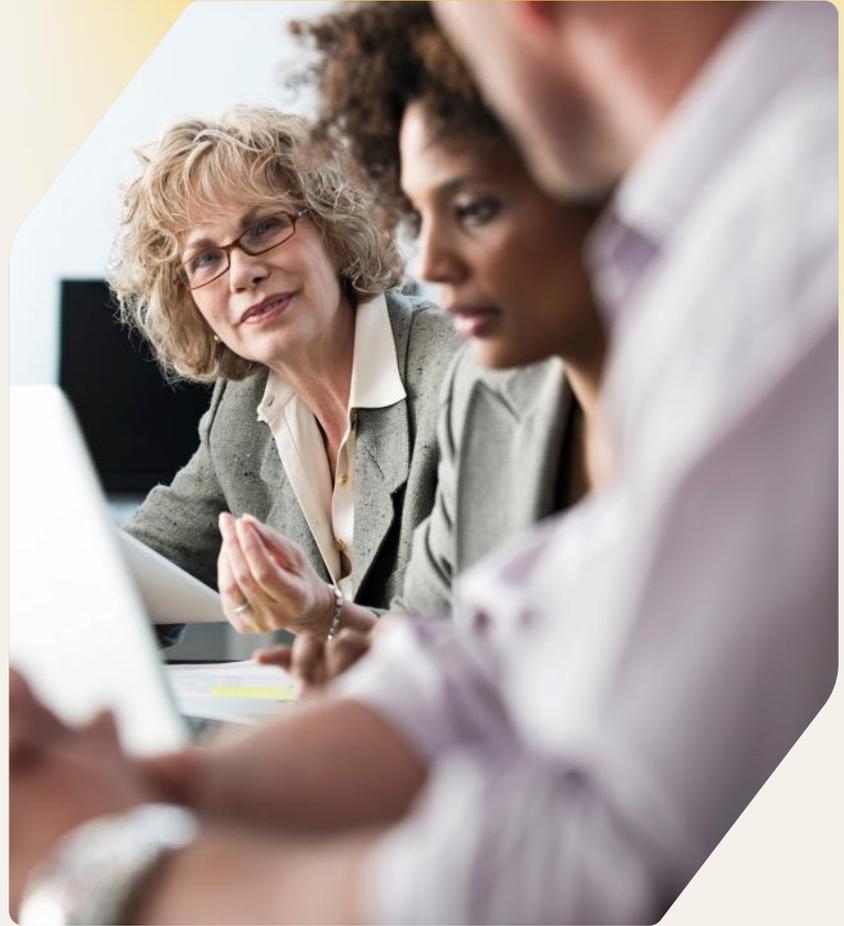
Illustrative example:



Example: A fund meets all requirements of the 2X Criteria but just as the investor wants to officially qualify the investment, a sexual harassment case is brought to its attention. The investor puts qualification on hold until there is clarity on the sexual harassment case under the fund’s complaints mechanism.

Sources: EIB, ESG Standards, 2018; IDB, Gender Safeguards: Four Examples of Risks We Must Avoid, 2015; ADB, Safeguard Policy Statement, 2009

Basic 2X ESG



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Basic 2X ESG

For an investment to be 2X aligned, it needs to meet Basic 2X ESG requirements. An assessment needs to be conducted by the investor to ensure fundamental environmental and social standards are met. Similarly, a company that wants to be 2X aligned needs to meet these minimum requirements.

Due diligence to confirm that the investee is **not involved (/ investing)** in any of the following:

- a) Forced labour
- b) Child labour
- c) Pornography and/or prostitution
- d) Racist and/or anti-democratic media
- e) Any of the following product(s) form a substantial part of your business / activities: alcoholic beverages (except beer or wine); tobacco; weapons and munitions; gambling, casinos and equivalent enterprises
- f) Activities or materials deemed illegal
- g) Cross-border trade in waste and waste products
- h) Destruction of High Conservation Value areas
- i) Radioactive materials and unbounded asbestos fibres
- j) Fossil fuels

If it turns out that evidence of being involved in excluded activities is revealed at any point in the future, the investee will lose its 2X Challenge qualification until they address/remedy the situation.

These are part of the [Harmonised EDFI Exclusion List](#) and [Harmonised EDFI Fossil Fuel Exclusion List](#).

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Basic 2X ESG

Is the investee committed to respecting human rights across the value chain?

Examples to demonstrate this commitment include the following (NOTE: All items listed are not required):

Demonstrated compliance with ILO core labour standards

- a) Policies/practices in place that support and respect workers' freedom of association and their right to join or form trade unions
- b) Compliance with local labour laws and regulations related to forced labour
- c) Policy or commitment that explicitly prohibits the employment of children under the age of 18 and/or below the minimum age as defined by national laws
- d) Mechanisms to monitor, address and mitigate the risk of any potential instances of child labour, including hazardous work, in supply chain or business operations
- e) Policies/practices that promote equity, diversity and inclusion and/or prohibits discrimination based on gender, race, ethnicity, religion, sexual orientation or otherwise
- f) Documented health and safety (OHS) procedures and policies in place

Demonstrated commitment to leading human rights guidelines or standards (For Funds, FIs, & Institutional investors, this includes for clients/investees and the institution itself)

- a) UN Guiding Principles for Business and Human Rights (GPs)
- b) OECD guidelines for Responsible Business Conduct
- c) IFC Performance Standards
- d) (For Funds, FIs, institutional investors) UN PRI signature

ESG policy and procedures in place that:

- a) (For Funds, FIs, Institutional Investors) Requires ESG policies, procedures and risk categorisation of clients/investees into High, Medium and Low risk according to sector, size and regional classification
- b) (For Companies) Address key environmental and social risks relevant for your type of company considering sector, size, geography, and other factors that impact gender-related risks

Person(s) specifically responsible for ESG and/or human rights topics.

If the answer is **NO**: The investor should agree with the investee on a measurable, time-bound target to meeting this requirement within <x> years (to be embedded in an ESAP or other internal action plan or governance document).

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Basic 2X ESG

Assessing basic Gender-based Violence and Harassment (GBVH) safeguarding

A company, fund or FI is required to demonstrate at least 1 basic GBVH safeguarding requirement. This includes any of the following examples, among others:

- ▶ Zero tolerance policy (applicable internally and externally, e.g., suppliers, service providers)
- ▶ No forced arbitration requirement/clause re: GBVH claims
- ▶ Gender-responsive grievance mechanism for GBVH claims (e.g., safe & confidential)
- ▶ Gender-responsive remediation process for GBVH issues (e.g., clear, survivor-centered investigation procedures)
- ▶ Risk management process(es) consider(s) GBVH a salient/material risk
- ▶ Code of Conduct that prohibits all forms of GBVH
- ▶ Mandatory training of all staff on GBVH and company policies/procedures
- ▶ Regular monitoring processes
- ▶ Dedicated, trained staff to identify and manage GBVH issues
- ▶ Safe environment for all work-related activities including physical work environment and transport

Illustrative examples:



Example: An investee has a code of conduct that explicitly addresses GBVH and prohibit all forms of GBVH.



Example: An investee has a code of conduct that addresses harassment in general but does not make specific reference to GBVH.

Governance & Accountability



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Assessing Governance & Accountability alignment

The Governance & Accountability (G&A) Criteria is intended to offer a thorough assessment of intentionality. Intentionality has always been a key principle of the 2X Criteria and is now codified as G&A.

Minimum Governance & Accountability requirements¹ for **COMPANIES** be 2X aligned include **at least**:

- One (1) indicator in **Strategic action**
- One (1) indicator in **Management systems**
- One (1) gender **data** requirement

Strategic action can include:

- Public commitment related to gender equity¹
- Clear, measurable & time-bound gender targets beyond specific minimum requirements for 2X alignment²
- Action items or action plan to drive gender equity (that may be linked to gender targets) with clear roles, responsibilities and timelines
- Own resources (budget, FTEs with gender as a substantial priority of the job description) specifically allocated to gender and/or to implement gender action plans
- Standalone gender strategy and/or gender explicitly integrated into business strategy or strategic plan

Management systems can include:

- Core gender policies
- Accountability for gender including regular monitoring / monitoring plan of gender-related efforts and/or progress against gender targets
- Risk management efforts that explicitly consider gender
- Internal and/or external stakeholder engagement capturing a gender perspective
- Impact measurement & management (IMM) on gender

Data

- Regular collection and analysis of gender data (at least annually)

¹ 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.

² The public commitment to gender equality should include specific commitments of the investee (e.g., explicitly outlines tangible areas of focus; WEPS signatory where clear principles are captured).

³ For example, if an investee meets one of the 2X Criteria and makes a time-bound commitment to meet an additional 2X Criteria, this time-bound commitment cannot be double counted as a target under Governance & Accountability

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Assessing Governance & Accountability alignment

The Governance & Accountability (G&A) Criteria is intended to offer a thorough assessment of intentionality. Intentionality has always been a key principle of the 2X Criteria and is now codified as G&A.

Minimum Governance & Accountability requirements¹ for FUNDS to be 2X aligned include **at least**:

- ▶ One (1) indicator in **Strategic action**
- ▶ One (1) indicator in **Management systems**
- ▶ One (1) **gender data** requirement

Strategic action can include:

- ▶ Public commitment related to gender equity¹ and/or investing with a gender lens
- ▶ Clear, measurable & time-bound gender targets beyond the specific minimum requirements for 2X alignment² at the portfolio level or that are agreed with portfolio companies directly
- ▶ Action items or action plan to drive gender equity at the Portfolio level that may be linked to gender targets with clear roles/ responsibilities and timelines
- ▶ Standalone gender lens investing strategy and/or gender explicitly integrated into business strategy or strategic plan

Management systems can include:

- ▶ Core gender policies that cover portfolio companies and/or requiring Portfolio companies to have these explicit policies
- ▶ Accountability for gender including regular monitoring / monitoring plan of gender-related efforts and/or efforts including gender expertise, monitoring (at the portfolio level) and/or incentives to improve gender equity outcomes
- ▶ Risk management efforts that explicitly consider gender that cover portfolio companies and/or require portfolio companies to have
- ▶ Support for and/or requirements for Portfolio companies to have internal and/or external stakeholder engagement capturing a gender perspective among the Portfolio companies
- ▶ Impact measurement & management (IMM) on gender among the Fund's Portfolio companies
- ▶ Stages in the investment cycle that embed gender

Data

- ▶ Regular collection and analysis of gender data (at least annually) of Portfolio companies

¹ 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.

² The public commitment to gender equality should include specific commitments of the investee (e.g., explicitly outlines tangible areas of focus; WEPS signatory where clear principles are captured).

³ For example, if an investee meets one of the 2X Criteria and makes a time-bound commitment to meet an additional 2X Criteria, this time-bound commitment cannot be double counted as a target under Governance & Accountability

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G&A Frequently Asked Questions

Click on the questions below to read the detailed guidance.

- 1 What counts as core gender policies?
- 2 What should be assessed under risk management?
- 3 What should be assessed under stakeholder engagement?
- 4 What should be assessed under IMM?
- 5 What are the minimum requirements in relation to gender data?
- 6 How should Accountability be assessed for Funds?
- 7 How should investors assess a gender lens embedded across the investment cycle?

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1. What counts as core gender policies?

To meet the **Management Systems** requirement under Governance & Accountability, an investee must have any **three (3) core policies** from the list below.

- ▶ Non-discrimination / equal opportunity policy that explicitly addresses gender/sex
- ▶ Explicit policy related to zero tolerance of gender-based violence and harassment
- ▶ No requirement for private arbitration of violence and harassment claims (through company policy or mandatory arbitration clauses in employment contracts)
- ▶ Explicit policy / clause related to equal pay
- ▶ Explicit policy that acknowledges and/or indicates commitment to respecting the gender-specific health & well-being needs of employees
- ▶ Explicit care (leave) policy (i.e., paid primary carer/maternity leave; paid secondary carer/paternity leave; work/life balance or flexible work policy)

For Funds, these policies may be in place at the Fund Manager level and/or the Portfolio level (e.g., policies that Fund Manager have in place that cover Portfolio companies and/or that the Fund Manager requires Portfolio companies to have).

Illustrative examples:



Example: An agribusiness has (i) an equal opportunity policy that explicitly addresses gender, (ii) an explicit policy related to zero tolerance of GBVH, and (iii) an explicit policy clause related to equal pay. The Governance & Accountability Criteria is fulfilled.



Example: A climate tech business has (i) a non-discrimination policy that explicitly addresses sex, and (ii) an explicit policy that acknowledges the importance of respecting gender-specific health & wellbeing needs of employees. It also has (iii) a care leave policy, but this is currently not documented. The investor agrees to support the investee to put in place an explicit written policy within 18 months. This is documented as a time-bound commitment by the investee.



Example: A company has good practices and generally good policies, but these do not explicitly refer to gender/sex. The company is not willing to make a time-bound commitment to develop three (3) core written policies within 2 years. The G&A requirement is not met.

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2. What should be assessed under risk management?

To meet the **Management Systems** requirement under Governance & Accountability, an investee can include **risk management** efforts that explicitly consider gender. The table below illustrates examples an investee can consider.

Type of effort:	Possible elements:
Gender-responsive human rights due diligence (HRDD) process	<ul style="list-style-type: none"> ▶ Screen for gender-specific human rights impacts ▶ Identify and assess gender-specific human rights impacts as salient ▶ Consult with relevant parties representing women (e.g., potentially/affected women, women’s organisations, women human rights defenders, gender experts) ▶ Track related gender-disaggregated data ▶ Communicate related gender-specific progress
Gender-responsive grievance mechanism	<ul style="list-style-type: none"> ▶ Ensure user confidentiality ▶ Allow for anonymous reporting ▶ Allow for alternate access to a party concerning the grievance, if the perpetrator is the direct supervisor of the aggrieved party ▶ Ensure the protection of the aggrieved party (non-retaliation) ▶ Utilise an impartial third-party investigator for all grievances ▶ Involve a gender-balanced review body to process grievances ▶ Is available in all relevant languages, based on the composition of the workforce/as appropriate to the geographic areas that the mechanism covers ▶ Allow verbal submission of grievances via a telephone line ▶ Involve women in the review of the grievance mechanism ▶ Regularly collect and analyse gender-/sex-disaggregated grievance data

For Funds, risk management efforts can differ. At both the Fund Manager and Portfolio levels, efforts may include a gender-responsive grievance mechanism. At the Portfolio level, efforts may also include a gender-responsive HRDD process. Supply chain focused risk management efforts are not explored for Funds.

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2. What should be assessed under risk management?

To meet the **Management Systems** requirement under Governance & Accountability in the **Supply Chain**, an investee can include **risk management** that explicitly consider gender. The table below illustrates examples an investee can consider.

Type of effort:	Possible elements:
Practices and/or processes to ensure an enabling environment for freedom of association and collective bargaining	<ul style="list-style-type: none"> ▶ Require suppliers to have recognition agreements with local trade unions ▶ Require suppliers to prohibit gender-specific intimidation, harassment, retaliation and violence against trade union members / representatives ▶ Provide or require suppliers to provide support (e.g., training) to employees on their rights to freedom of association and collective bargaining ▶ Work with suppliers that have recognised collective bargaining agreements currently in place

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2. What should be assessed under risk management?

To meet the **Management Systems** requirement under Governance & Accountability, an investee can include **risk management** efforts that explicitly consider gender. The table below illustrates examples an investee can consider.

Type of effort:	Possible elements:
<p>Practices and/or processes to proactively manage gender-specific risks in supply chain</p>	<p>Commitments / policies</p> <ul style="list-style-type: none"> ▶ Have a commitment to reduce social risks in supply chain (including trafficking) ▶ Have a forced labour policy GBVH <p>Grievance mechanism</p> <ul style="list-style-type: none"> ▶ Provide access to supply chain workers of company's own grievance mechanism to raise (gender-related) complaints ▶ Ensure supply chain workers are aware of company's own grievance mechanism ▶ Provide access to external individuals and community members of company's own grievance mechanism to raise (gender-related) complaints ▶ Require suppliers to have a grievance mechanism in place for workers to raise (gender-related) complaints ▶ Require suppliers to ensure supply chain workers are aware of supplier's grievance mechanism ▶ Require suppliers to provide access to external individuals and community members of supplier's grievance mechanism to raise (gender-related) complaints <p>Risk assessment</p> <ul style="list-style-type: none"> ▶ Require suppliers to undertake a gender needs assessment for their supply chain workers ▶ Screen for gender-related issues (e.g., GBVH, discrimination, intimidation / retaliation, informal work, lack of access to health information/services, lack of access to gender-responsive on-site facilities) among suppliers as part of audit process, supplier self-assessments / scorecards or other supply chain management tools ▶ Identify gender-related issues requiring corrective action to be taken by supplier within set period to remediate issue ▶ Identify gender-related issues automatically resulting in termination of relationship with supplier <p>Data</p> <ul style="list-style-type: none"> ▶ Collect and analyse gender-disaggregated grievance data in supply chain ▶ Require suppliers to collect, analyse and monitor gender-disaggregated grievance data in supply chain

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3. What should be assessed under stakeholder engagement?

To meet the **Management Systems** requirement under Governance & Accountability, an investee can include **internal and/or external stakeholder engagement** that capture a gender perspective. The table below illustrates examples an investee can consider.

Type of effort:	Possible elements:
Internal stakeholder (employee) engagement	<ul style="list-style-type: none"> ▶ Internal communications capture a gender perspective (e.g., communicate about gender-related issues, use gender-inclusive language) ▶ Collect, analyse and monitor employee satisfaction by gender ▶ Address gender-related issues in employee engagement efforts (e.g., explore if gender-related benefits meet employee needs) ▶ Ensure women employees participate in the development and/or implementation of gender-related efforts
External stakeholder engagement?	<ul style="list-style-type: none"> ▶ Engage with external stakeholders to inform your gender efforts ▶ Explore the gender-specific impacts of your enterprise’s activities on external stakeholders ▶ Supports community-based initiatives re: gender equity ▶ Advocates for gender equity in public fora

For fund managers, this can be at the Fund Manager and/or Portfolio level.

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4. What should be assessed under IMM?

To meet the **Management Systems** requirement under Governance & Accountability, an investee can include **impact measurement and management (IMM) measures** that explicitly consider gender. The table below illustrates examples an investee can consider.

Possible elements:

- ▶ Impact goals that explicitly capture a gender perspective
 - ▶ Impact strategy that explicitly captures a gender perspective
 - ▶ Impact measurement approach for how to measure gender impact
 - ▶ Impact management / policies (guiding documents) that explicitly capture a gender perspective
 - ▶ Impact management / processes (implementation guidance) that explicitly capture a gender perspective
 - ▶ Impact reporting that explicitly capture a gender perspective
 - ▶ Iterative process to improve IMM efforts
-

IMM efforts that consider gender can be focused on different types of stakeholders (e.g. shareholders, board, founders, leadership, employees, consumers, supply chain workers, community members etc.)

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5. What are the minimum requirements in relation to gender data?

To meet the **Data** requirement under Governance & Accountability, the *minimum* expectation is that the investee consistently collects and analyses at least one (1) type of gender/sex disaggregated data.

If the investee **does not consistently** collect gender/sex disaggregated data, the Investor/FI and investee must agree to a **measurable, time-bound commitment within 2 years** to regularly collect and analyse data that is disaggregated by gender/sex. The minimum expectation is that gender/sex disaggregated data is collected regularly for at least 1 gender indicator.

Recommendations: Commitments should be written and include a mix of specific targets, action items with roles and responsibilities, resources allocation, and a monitoring plan. These commitments can be used as a tool to engage with new investees and 'nudge' existing investees to maintain or make organisational shifts that benefit women. Investors/Fis can further support their investees to meet these commitments through technical assistance.

Illustrative examples:



Example: An investee collects sex-disaggregated data on its workforce on an annual basis and analyses women's representation among its workforce.



Example: An investee does not regularly collect any data points on gender. However, when asked by the investor, the investee was able to provide a gender data point by conducting an internal counting exercise based this ad-hoc request.

For Funds, gender data can be collected at the Fund Manager and/or Portfolio level(s). For the latter, this includes a Fund Manager's commitment to support and/or requirement for portfolio companies to regularly collect and analyse gender data.

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6. How should accountability be assessed for Funds?

For funds, **Accountability** efforts regarding gender can include the following at the Fund Manager level:

Accountability efforts through gender expertise:

- Gender expert on the investment team
- Voting member with specific gender finance expertise on the IC
- External gender expert supporting investment team

Regular **monitoring and/or monitoring plan** to track gender efforts and/or progress against gender targets with the following considerations (also applicable at Portfolio level):

- Depth/breadth of regular monitoring of gender targets
- Frequency of regular monitoring of gender targets (at fund manager and/or portfolio level)
- Gender targets regularly monitored by and/or reported to Leadership team members (e.g., Executive Committee / C-suite; LPAC)

Mechanisms to align **incentives** with gender outcomes

- Carry linked to gender targets
- Incentives for portfolio companies to implement gender actions
- Impact-linked ratchets
- Management incentive plans for portfolio companies
- Other

Clear consequences for when gender efforts are not effectively implemented and/or when gender targets are not met

Illustrative examples:

✓ **Example:** A fund manager monitors its own alignment with the 2X Criteria annually and reports 2X Criteria related data to the LPAC. This counts under Accountability.

✓ **Example:** A fund manager regularly uses management incentive plans for portfolio companies to incentivise improvements on gender performance. This counts under Accountability.

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7. How should investors assess a gender lens embedded across the investment cycle?

Investors should assess how gender is embedded across different stages of the investment cycle of the fund, including:

- ▶ Origination
- ▶ Due diligence
- ▶ Value creation approach
- ▶ Responsible exits

The investor must be able to demonstrate how gender is embedded at all relevant stage(s) of the investment cycle of the fund. For Responsible Exits, the investors can indicate which, if any, [Principles for Responsible Exits in Gender Lens Investing](#) it follows or can use this opportunity to invite the fund manager to endorse the principles. For further guidance, see “[A fund manager’s guide to gender-smart investing](#)” (IFC & BII, 2020)

Illustrative examples:

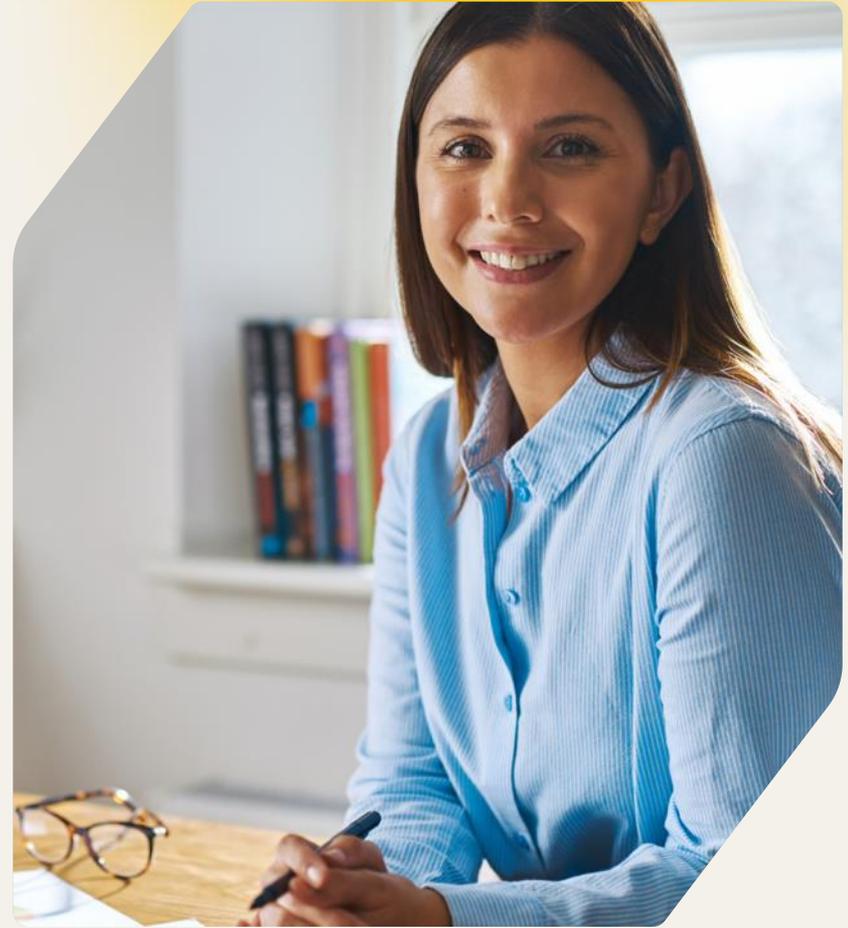
✓ **Example:** A fund consistently screens its pipeline against the 2X Criteria and proactively seeks companies with significant gender impact potential at the time of origination.

✓ **Example:** A fund incorporates gender actions and targets in its value creation plans for portfolio companies.

✗ **Example:** A fund makes a general statement about the importance of gender in investment processes but does not proactively embed gender in any stage of the investment cycle.

CRITERIA 1

Entrepreneurship & Ownership



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Assessing Entrepreneurship & Ownership alignment

Investees are aligned with the Entrepreneurship & Ownership (E&O) Criteria if women have a majority stake in, or founded, the investee¹

1

Entrepreneurship & Ownership

Criteria	Threshold
1A. Share of women ownership	51%
OR	
1B. Business founded by a woman	50%

Criteria detail

Threshold rationale:

1A. Share of women ownership - 51% share

- ▶ Percentage of the organisation that is directly woman owned

$$\frac{\text{Shares held by women}}{\text{Total shares}} \times 100$$

- ▶ The Criteria specifies direct ownership because:
 - There is no strong development impact case supporting indirect women ownership
 - Gender/sex-disaggregated data on indirect and beneficial ownership is difficult to track.

1B. Business founded by a woman - 50%

- ▶ Investees founded by a woman or a group of women that retain(s) an active role in the organization^{2,3}

1A. Share of women ownership - 51% share

- ▶ Gender lens investing standards such as WeConnect promote investments in majority women-owned firms
- ▶ Women comprise 18% of all business owners⁴ in Africa⁵, 21% in Asia⁶, and 24% in Latin America⁷, so opportunities for investment exist

1B. Business founded by a woman - 50% founders

- ▶ A majority (or at least half) of the founders were women and retain an active role.
- ▶ This threshold was set at 50% as women should be at least equally represented among founders. As there are typically 1-2 founders or just a small number of founders, the threshold based on number of founders was set at 50% (rather than 51%).

¹ [Read how](#) intermediated investments can align against this criterion.

² Investees founded by women in any sector are aligned.

³ See FAQs in this section for clarification of what it means to retain an 'Active Role' in an organization.

⁴ In this research, 'Business owners' are defined as owners who employ at least one employee other than themselves; figures for all businesses are extracted from the MasterCard Index of Women Entrepreneurs 2018, based on ILO data 2008-2016.

⁵ Sample for all businesses includes: Algeria, Botswana, Egypt, Ethiopia, Ghana, Malawi, Nigeria, South Africa, Tunisia and Uganda.

⁶ Sample for all businesses includes: China, India, Indonesia, Malaysia, Philippines, Thailand and Vietnam.

⁷ Sample for all businesses includes: Brazil, Colombia, Costa Rica, Ecuador, Mexico and Peru.

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E&O Frequently Asked Questions

Click on the questions below to read the detailed guidance.

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Who should the Investor/FI count as entrepreneurs and owners?

2

What constitutes a founder retaining an "active role" in a company?

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1. Who should the Investor/FI¹ count as entrepreneurs and owners?

To meet this criterion, women must either own at least 51% of the organization or be a founder of the organisation that retains an active role (minimum 50% in case of multiple co-founders).² A founder is any individual included in the legal registration of the organisation with a substantial decision-making role when the organization was first established.

Illustrative examples:



Example: An investee was legally registered in 2010 with equal ownership between two women and a man. All three still have significant roles within the company and together have majority ownership: the women own 70% together and the man owns 30%. The investee is considered 2X aligned.



Example: An investee was co-founded by a husband-and-wife team. The wife retains an active role. The investee is 2X aligned because it has one woman founder.



Example: An investee was legally registered in 2010 with equal ownership between two men and a woman as founders. All three still have significant company roles and together have majority ownership. Since women founders are not at least half of all founders, Criteria 1 is not fulfilled.



Example: An Ag-tech investee was launched in 2010 by two men who own the company, and on the same day, signed three women onto the pay roll, who are all now in senior leadership roles. Although the three women were present from day one, they do not count as founders nor owners and the company does not align with Criteria 1.

¹ Investing in financial intermediaries that support women entrepreneurs is covered under the Criteria 6 (Portfolio)

² See subsequent FAQs in this section for clarification of what it means to retain an 'Active Role' in an organization

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2. What constitutes a founder retaining an "active role" in a company?

An active role can refer to a key position in the organization's senior executive team (C-suite or equivalent). It may also include acting in an advisory capacity for key decisions and does not necessarily require a full-time role at the organization.

Considerations: Based on the specific context of the investee, different decisions could be considered as 'key' and different roles could be considered 'active'. Investor/FI can consider parameters such as the following:

Examples of an active role:

- Clear decision-making authority
- Meaningful involvement in Board or senior management meetings
- Serves as a strategic advisor
- Presence on company website or other communications materials
- Representation of the company externally

Illustrative examples:



Example: A woman entrepreneur founded the investee company but has since launched other projects and now only engages with the company every month for big meetings and strategic planning. As she is still key to the company's strategic direction, the investor/FI considers that the investment aligns with the 2X Criteria.



Example: A woman entrepreneur launched a company and has since sold her majority stake to a male-dominated private equity firm. She stepped back as CEO, and instead is seen as an expert voice on key topics relevant to the company's decision-making process. However, she engages irregularly, when she is requested by the Board rather than at set times and her advice is sometimes disregarded when considering long-term strategic advice. The investee does not align with the 2X criteria.

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Leadership



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Assessing Leadership alignment

Investees are aligned with the leadership criteria if women are well-represented at senior management or Board/IC level¹

2 Leadership	Criteria	Threshold
	2A. Share of women in senior management	Varies
	OR	
	2B. Share of women on the Board or Investment Committee	Varies

Criteria detail

Threshold rationale:

2A. Share of women in senior management

- ▶ C-suite equivalent (e.g. Managing Directors, Partners)²

$$\frac{\text{Women in Senior Management}}{\text{Total people in Senior Management}} \times 100$$

2B. Share of women on the Board³ or IC

- ▶ Share of women on the organisation's board

$$\frac{\text{Women on the Board/IC}}{\text{Total people on the Board/IC}} \times 100$$

- ▶ Only members with voting rights should be considered
- ▶ Investees at which women Board members do not play an active role⁴ on the Board should not be counted

The minimum threshold globally is 30%.

The [exact threshold](#) is set at the intersection of country and sector: 2X adjusted the minimum thresholds according to the most recent benchmarking data, which reflects the average of country-sector standards. These adjusted thresholds were rounded up to the nearest multiple of 5 percentage points. For instance, if the average baseline for a country-sector baseline average is 33%, the minimum threshold is rounded up to 35%.

Furthermore, the threshold must be above the legal minimum. For example, the threshold for countries in the European Union is 40%.

Details on the 2X Criteria thresholds, methodology and data sources is [available here](#).

¹ For intermediate investments, banks and other non-bank financial intermediaries should count the women in the Board or C-Suite towards the threshold, whereas funds should count the women on their Investment Committee or C-Suite towards the threshold.

² For large businesses, the level below C-suite may be considered - see details on FAQ question "Who can be considered a senior manager?". For funds, it includes Managing Partner and Partner levels.

³ Board can include Board of Directors and/or Supervisory Board. It must include members with voting rights only.

⁴ See [FAQ](#) for clarification on what it means to retain an 'active role' in an organisation.

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Leadership Frequently Asked Questions

Click on the questions below to read the detailed guidance.

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Who can be considered under Senior Management?

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How should an Investor/FI define and assess “active role” on a Board?

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When evaluating Funds, how is the Investment Committee assessed?

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1. Who can be considered under Senior Management?

When assessing gender diversity in leadership, the investee should include the following leadership levels:

1. Chief Executive Officer
2. Senior Executives: Refers to the senior operating officers or managers of a company who are responsible for the everyday operations of the organisation and report directly to the CEO or Board of Directors. Includes, for example, the C-suite.
3. Senior Management: Refers to senior officers or managers of an organisation or corporation, reporting to the senior executive level.

As organisational structures vary widely, investees may vary in which leadership levels they include. Smaller organisations can focus on the C-suite or equivalent ("Senior executive level") while large businesses can also consider the next level of leadership ("Senior management level").

Considerations: To determine who should count under Senior Management, the Investor/FI can use parameters such as whether the individual(s) are involved in determining the organization's overall structure and direction, manage a significant percentage of the workforce, have equivalent authority or directly report to the CEO and other considerations as relevant on an investment-by investment-basis. The organigram on the next page offers a visualisation of what counts towards Senior Management.

Illustrative examples:

✓ **Example:** An investee in the health sector in Bolivia has one CEO and seven directors of different company divisions and functions. Collectively, they make up the management team. Although the CEO is not a woman, the management team in total reaches 35% women. The investee is 2X aligned on Criteria 2 (Leadership).

✓ **Example:** An Investor/FI invested in a Fund. The GP's leadership is composed of all women and the Investment Committee has a woman majority. The investee qualifies under Criteria 2 (Leadership).

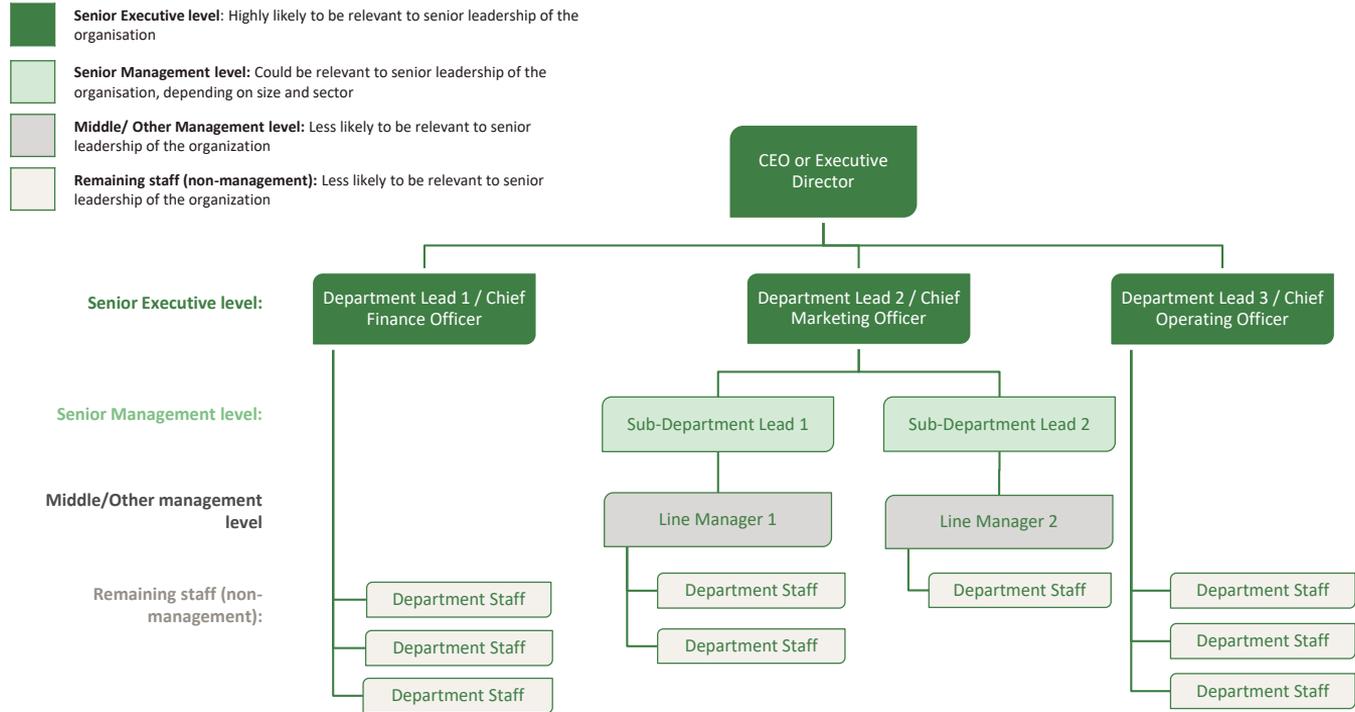
✗ **Example:** An investee has an eight-person C-suite team and a management cohort of 30 people who manage junior employees. The C-suite alone does not meet the threshold, although the senior managers would. However, the senior managers do not guide the overall direction of the company and would not be factored in when determining alignment. The investee is not 2X aligned on this Criteria.

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1. Who can be considered under Senior Management?

This stylised organigram presents which employees can be considered under Senior Management.



For **Funds**, generally only Managing Partner and Partner levels count as senior management. Principals might be considered in exceptional cases.

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2. How should an Investor/FI define and assess “active role” on a Board

An active role may include acting in an advisory/supervisory capacity for key decisions.

Considerations: Based on context of the investee, different decisions could be considered as ‘key’ and different roles could be considered ‘active’. Investors/FIs can use parameters such as the role of the Board (e.g., strategic vs. titular Board), Board position, attendance and voting in Board meetings, oversight of a Board committee and other considerations as relevant on an investment-by-investment basis.

Illustrative examples:



Example: A former woman founder stays on the Board of her company and is consulted before any key changes in strategic direction. She is considered an active member of the Board as part of the leadership threshold calculations.



Example: A family-owned company’s Board has 3 women and 6 board members total. The women are family members, miss most board meetings, and are not part of key committees. The investment is not 2X aligned on Criteria 2 (Leadership) because the women board members do not play an ‘active’ role.

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3. When evaluating Funds, how is the Investment Committee assessed?

For Funds, the IC rather than the Board composition should be considered. Particular attention should be paid to IC members with actual decision-making power over investments.

Considerations: An active role in an investment committee considers the level of involvement in decisions the IC member participates in. For example, if the IC member is added for purely practical reasons such as legal compliance but does not de-facto have an equal voice and vote on investment decisions or only plays an advisory role, it should not be counted.

Illustrative examples:



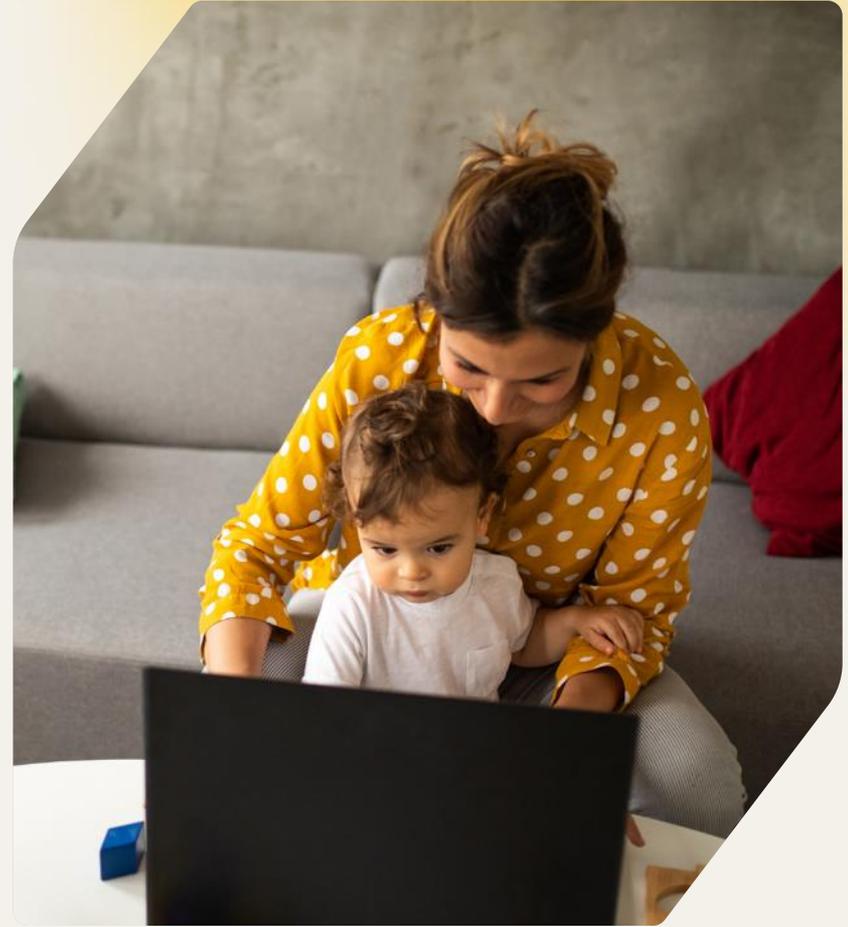
Example: A fund has 5 members on the IC, 3 men and 2 women. This is above the country-sector threshold. All IC members have the same voice and vote and participate meaningfully in decision-making on investments. This qualifies for the 2X Criteria on Leadership (IC).



Example: A regional fund has an IC with 30% women. The women in the IC only decide on investments in one of the five countries where it operates. In the last year, they only participated in 1 out of 10 investments in the portfolio. Even if they meet the threshold for the number of women, because the role of women in the IC is very limited, the 2X Criteria on Leadership (IC) is not met.

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Employees



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Assessing Employment alignment

Investees are aligned with the employment criteria if they provide quality jobs to a significant share of women.¹

3 Employment

Criteria	Threshold
Share of women in the workforce AND One “quality” Employment indicator beyond compliance	Varies Yes/No

Criteria detail

Share of women in the workforce

Investor/FI should count the direct workforce and contracted workers as it makes sense in the investee’s context. A weighted average of relevant groups must be above the threshold, or each relevant group should be individually above the threshold.

- ▶ **Direct workforce:** Share of women directly employed full- and part-time by the investee counted on a full-time equivalent (FTE) basis²

$$\frac{\text{Women Direct Employees (FTE)}}{\text{Total Direct Employees (FTE)}} \times 100$$

- ▶ **Contracted workforce:** Share of women among third party workers or contractors engaged to perform work related to core business processes³ for a substantial duration (e.g. a season in the case of an agribusiness)

$$\frac{\text{Women Contracted Employees}}{\text{Total Contracted Employees}} \times 100$$

Quality indicator

Investee should have at least one effort—beyond those required by local law—addressing barriers to women’s quality employment, with evidence of implementation. As employee types can vary, the quality indicator must be linked to the most representative employee type(s).

Threshold rationale:

The minimum threshold globally is 25%.

The [exact threshold](#) is set at the intersection of country and sector: 2X adjusted the minimum thresholds according to the most recent benchmarking data, which reflects the average of country-sector standards. These adjusted thresholds were rounded up to the nearest multiple of 5 percentage points. For instance, if the average baseline for a country-sector baseline average is 27%, the minimum threshold is rounded up to 30%.

If the investee sits across multiple sectors, you can follow the [guidance here](#).

Details on the 2X Criteria thresholds, methodology and data sources is [available here](#).

¹ [Read here](#) how financial intermediaries can align against this criteria.

² As per the HIPS0 definition, 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). If the information is not available, the rule-of-thumb is two part-time jobs equal one full-time job. See the 2X/IRIS+ guidance note for more details.

³ Core business processes constitute those production and/or service processes essential for a specific business activity without which the business activity could not continue

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Employment Frequently Asked Questions

Click on the questions below to read the detailed guidance.

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How should different types of employees be considered?

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How do you assess “no dissonance” of the Employment Criteria with Leadership?

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What are ‘quality indicators’ under the Employment criteria?

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1. How should different types of employees be considered?

When calculating the share of women in the workforce, the investee must consider all employees types which may include any of the following depending on context: permanent, temporary, full-time, part-time, contracted, etc. Under Criteria 3 (Employment), informal workers are not counted.

As employee types can vary, the quality indicator must be linked to the most representative employee type(s). The Investor/FI can determine which employee type(s) are the most representative by considering their relative size. Types of employees comprising 30% or at least 100 people of the workforce should be counted. Moreover, the investee should have at least one workplace-focused effort ("one quality Employment indicator beyond compliance") to increase the share of women employees and/or to support them.

Illustrative examples:



Example: A manufacturing firm relies on a large part-time seasonal contract staff to help process export forms during tax season. As both part-time seasonal and full-time employees are critical to the business' operations (each representing $\pm 1/3$ of the firm's employees). They both meet the threshold and quality indicator, so the investee is 2X aligned.



Example: An agribusiness employs men during harvest season. Women family members play a significant but informal role in picking the crops on the farms, but are not part of the contract scheme, and their pay/benefits are unclear. This is not 2X aligned.

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2. How do you assess “no dissonance” of the Employment Criteria with Leadership Criteria?

For Criteria 3 (Employment) to be met, there should be no dissonance with Criteria 2 (Leadership). Both indicators should be evaluated.

To meet the minimum requirements for Employee diversity, there must be no dissonance between this and the Leadership dimension. Said differently, if the investee meets the variable threshold for employee diversity but has <10% women in Senior Management, it does not meet the minimum requirements here.

To meet the minimum requirements under Employment where there is **dissonance with Leadership**, the investee must be willing to formally **commit to improving Leadership diversity**. This formal commitment operates like other Commitments whereby the investee must commit to achieving the indicated threshold within a reasonable timeframe as well as demonstrating progress within 2 years.

Illustrative examples:



Example: A fund manager meets the Employment criteria (threshold and quality indicator), There are no women as Partners with investment-decision making authority, i.e. there is a dissonance with the Leadership criteria. The fund manager makes a formal, time-bound commitment to reach a 30% target within 4 years, with interim progress demonstrated after 2 years. The investment qualifies.



Example: A company meets the Employment criteria (threshold and quality indicator), but has only 5% of women in Senior Management, i.e. there is a dissonance with the Leadership criteria. The company is not willing to make a formal commitment to improve Leadership diversity, thus the dissonance cannot be resolved. The investment does not qualify.

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1. What are 'quality indicators' under the Employment criteria?

The quality indicator can be from one of the five categories below that address women's barriers to quality employment. It must be above the legal minimum (i.e. beyond compliance) and there must be evidence of implementation.

Here are some examples of quality indicators. More details are provided in the next three slides.

- ▶ **Diversity** efforts to increase the share of women in the workforce
- ▶ **Equal pay** efforts to address any gender pay gap(s) identified
- ▶ **Equal care** efforts to support employees with their care responsibilities
- ▶ **Health & well-being** efforts to support the gender-specific health & well-being needs of employees
- ▶ Efforts to address and prevent **gender-based violence & harassment**¹

¹ These efforts must go beyond the required one (1) GBVH action under Basic 2X ESG. Good practice here is to have several from the [Basic ESG list](#) met.

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3. What are 'quality indicators' under the Employment criteria?

Examples of quality indicators:

Diversity

- Explicit, time-bound **targets** for the share of women in the workforce
- Regular collection and analysis of **gender-/sex-disaggregated data** regarding the share of women in the workforce
- **Hiring efforts** designed to eliminate bias and diversify talent pipeline
Examples: gender-balanced interview panels, anonymised resume screening, trainings for recruiters on unconscious bias)
- Dedicated **employee support** with a gender focus
Example: Employee resource groups
- **Performance management/** review process designed to eliminate gender bias
- **Training** on unconscious bias and/or diversity, equity and inclusion

Health & well-being

- Efforts to address the **gender-specific occupational health & safety (OH&S) needs** of employees
Examples: involvement of women in decision making, proactive management of gender-specific health and safety risks, physical workspace and facilities that address gender-specific needs of employees including among others toilet facilities and exposure to hazardous materials, support for pregnant and breastfeeding employees)
- Employer-sponsored **health insurance options**
Examples: cost coverage for gender-specific health services including among others: contraception, family planning, maternal health, menopausal health)
- Other efforts or benefits regarding **gender-specific health information and services**
Examples: paid sick leave for gender-specific issues; onsite or referred health services for women's health issues, support for employees' reproductive health

Equal Care

- The investee has **equal care efforts** in place to support employees with their care responsibilities
Examples: paid primary carer (or maternity) leave, paid secondary carer (or paternity) leave, other types of parental leave (e.g., adoptive), flexible work policies, return-to-work support, childcare support (e.g., on-site childcare facilities, subsidies for off-site childcare), breastfeeding support, other care support (e.g., dependent care support; postpartum support; support with domestic duties)

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3. What are 'quality indicators' under the Employment criteria?

Examples of quality indicators:

Equal Pay

- Regular collection and analyses **its gender pay gap data** to identify and address any pay gap(s)
Example: regular collection and analysis of gender-/sex-disaggregated pay data (e.g., unadjusted, adjusted, mean, median pay gaps, includes all components of compensation, considers all leadership levels)
- **Processes and practices** to address any pay gap(s) identified
Examples: explicit, time-bound targets for pay equity by gender/sex, public commitment that addresses specific gender pay equity ambitions, action plan to address gender pay gap including time-bound goals and activities, regular market compensation studies or benchmarking of gender-/sex-disaggregated pay data, consultations with experts regarding gender pay equity, etc.

Efforts to address and prevent GBVH

- The investee has specific efforts in place to **prevent and address GBVH** in the workplace; see [Basic ESG list](#)
- Grievance/remediation mechanisms
Examples: clear process for investigation, remediation, alerting external authorities; clear disciplinary actions; support provided to aggrieved during/after remediation
- GBVH training
Examples: mandatory, at least annual, in local language, by gender expert, includes bystander training
- Regular collection and analysis of gender-/sex-disaggregated GBVH data
- Other efforts
Examples: third-party assessment of company cultures that explores safety; provision of access to safe transport

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3. What are 'quality indicators' under the Employment criteria?

Illustrative examples:

✓ **Example:** An investee meets the Employment threshold and has specific protocols in place, with evidence of implementation, to support trans and LGBTQ employees when they travel to areas with restrictive government policies for these groups.

✓ **Example:** A company that meets the employment threshold reviews unconscious bias in hiring decisions. They have a dedicated budget for efforts to increase gender diversity in hiring so it is aligned with Criteria 3 (Employment).

✓ **Example:** An FI has 55% women employees and a 'fast-track' career scheme which provides additional training opportunities for women, such as executive coaching and negotiation skills. It is aligned with 2X Employment criteria, specifically because the fast-track scheme has a gender focus.

✓ **Example:** An investee meets Criteria 3 (Employment) Threshold and meets two of the basic GBVH requirements from the list provided on the [Basic ESG list](#). It has now also added more comprehensive features into its zero-tolerance policy which covers travel to/from work and business-related travel, clear definition of harassment with examples of inappropriate behaviour.

✓ **Example:** An investee has 75% women employees and its quality indicator is a generous parental leave policy that goes beyond the legal requirements in its country.

✓ **Example:** An investee regularly collects and analyses gender-/sex-disaggregated pay data. It finds a gender pay gap of 8% and develops an action plan with specific activities and regular monitoring to close this gap within a defined timeframe.

✓ **Example:** An investee meets the numerical threshold for women employees and has generous health & wellbeing policies in place, including free access to sexual, reproductive and maternal health care.

✗ **Example:** An investee has 75% women employees, but its only quality indicator is a parental leave policy which matches the legal minimum requirement. It is not aligned with the Criteria 3 (Employment).

✗ **Example:** An investee meets one of the basic GBVH requirements on [Basic ESG list](#) which was counted towards Basic 2X ESG and cannot be double counted as an Employment quality indicator. The investee needs to have one additional quality indicator in place.

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Assessing Supply Chain alignment

An investee can be aligned with this criteria if it has a clear commitment to women in the supply chain.

4 Supply Chain

Criteria	Threshold
Commitment to women in supply chain AND	Yes/No
One “quality” Supply Chain indicator ² beyond compliance	Yes/No

Criteria 4 (Supply Chain) aims to address gender broadly in the supply chain context, including: (1) women-owned/-led suppliers, (2) suppliers that explicitly address gender equity and (3) women supply chain workers.

Criteria detail:

To be aligned with the supply chain criteria, the investee must demonstrate:

- a) strategic commitment to women in the supply chain
- AND**
- b) at least one “quality indicator” in the supply chain

Threshold rationale:

Supply chains have traditionally been very opaque and gender-related issues have been pervasive but difficult to tackle given this opacity. Previously under the 2X Criteria, the focus was on supply chain worker gender diversity (under the Employment criteria), but this is generally very difficult to measure reliably. This is why with this update we aim to meet the market where it's at and started by exploring a 'strategic commitment' and quality indicator (instead of a specific quantitative metric).

² Includes diversity practices, pay equity, care support, health & well-being and GBVH (further details provided).

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Supply Chain Frequently Asked Questions

Click on the questions below to read the detailed guidance.

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What counts as strategic commitment/s under Criteria 4 (Supply Chain)?

2

What counts as quality indicator/s under Criteria 4 (Supply Chain)?

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1. What counts as strategic commitment/s under Criteria 4 (Supply Chain)?

The table below illustrates examples of how an investee can meet the **strategic commitment** this criteria.

Requirements	Examples
<p>Strategic support in place that demonstrate explicit commitment to women in the supply chain</p>	<ul style="list-style-type: none"> ➤ Public commitment to women in the supply chain (e.g., gender-responsive procurement, gender equity in the supply chain, supporting women supply chain workers) ➤ Written policy regarding women in the supply chain (e.g., gender-responsive procurement policy; policy regarding gender equity standards for suppliers) ➤ Specific targets regarding women in the supply chain (e.g., procurement targets / goals for the amount and percentage spend with women-owned businesses; specific targets regarding gender equity in the supply chain) ➤ Supplier diversity or inclusion code of conduct ➤ Strategy to increase the number of women-owned/-led suppliers ➤ Actively seeks to source from suppliers that prioritise gender equity ➤ Works with third party entity that verifies suppliers that are women-owned/-led

Illustrative examples:

✓ **Example:** A company has made a public commitment to gender-responsive procurement and collects data to measure progress towards a greater share of women-owned businesses in its supply chain. The company also has a supplier diversity programme being implemented that explicitly includes women-owned/led suppliers.

✓ **Example:** An investee company has developed a concrete strategy to increase the number of women-owned / -led suppliers and they have begun implementing a key pillar of the strategy involving providing value-added services to women-owned/led suppliers

✗ **Example:** A company has publicly spoken about the value of supply chain diversity but is unable to demonstrate any concrete efforts to promote gender diversity within its own supply chain.

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2. What counts as quality indicator/s under Criteria 4 (Supply Chain)?

The table below illustrates examples of how an investee can meet the **strategic commitment** this criteria.

Requirements	Examples
Quality supply chain indicator beyond compliance	<ul style="list-style-type: none"> ▶ Regular collection and analysis of gender-/sex-disaggregated data regarding the share of women-owned/-led suppliers and/or supply chain workers, gender pay gaps(s), health and well-being and GBVH, among others ▶ Supplier diversity programme that includes women-owned/-led businesses ▶ Market access/outreach initiatives to communicate procurement opportunities to women-owned/-led businesses ▶ Efforts to educate (procurement) employees on opportunities and barriers that women suppliers face (e.g., access to knowledge of technology, challenges meeting large orders, limited cash flow) ▶ Capacity building support for women-owned/-led businesses (e.g., training to complete formal bid processes, training for women entrepreneurs) ▶ Value-added services to women-owned/-led suppliers (e.g., attractive payment terms, supply chain finance, job skills training) ▶ Requirement for suppliers to undertake a gender needs assessment with respect to their supply chain workers ▶ Supplier/vendor code of conduct that explicitly states support for gender equity and/or that suppliers are expected to meet regarding gender equity standards, zero tolerance policy (in local language) ▶ Requirement for suppliers to have an equal opportunity/non-discrimination policy that includes the protection of pregnant/married workers ▶ Requirement for suppliers to offer their workers formal contracts, recognise home-based workers, payment of living wages, access to health & well-being services, professional development opportunities, and GBVH training ▶ GBVH mechanism that support for suppliers' GBVH prevention, monitoring and remediation ▶ Provision of gender-responsive, safe and healthy work environment (which may include transportation services, access to on-site health clinic, health information, hygiene, etc)

Illustrative example:

✓ **Example:** An investee company has made a public commitment to address women's health, not only among employees but also in the supply chain context. The company proactively provides health and well-being support for women supply chain workers, including menstrual health support and access to reproductive health services beyond what is typical in the countries where suppliers operate.

➤ **Good practice:** Relevant gender-/sex-disaggregated supply chain data is regularly collected and analysed alongside improvement efforts to directly address the opacity of supply chains, given the need for more gender data in the context of supply chains.

CRITERIA 5

Products & Services



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Assessing Products & Services alignment

This Criteria evaluates if an investee provides products or services that drive gender-specific positive effects linked to enhancing the well-being of women/girls, and/or driving gender equity¹.

	Criteria	Threshold
5	Products & Services	Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity
		Yes/No

To be aligned with the Criteria 5 (Products & Services), the investee must (at least) offer product(s)/service(s) that drive gender-specific positive effects linked to enhancing the well-being of women/girls and/or drive gender equity.

For each proposed 2X aligned investment, the investee needs to provide a rationale and clear links on how the product(s)/service(s) offered are designed to be gender-responsive and have a direct positive effect on women/girls. Alignment with this criteria can be further supported if the investee also demonstrates additional ways in which their product(s)/service(s) enhance the well-being of women/girls and/or drive gender equity. These can include the examples below (**it is important to note that these are insufficient alone**):

1. Product(s)/service(s) specifically target women customers
2. Efforts in place to integrate gender-specific considerations across product(s)/service(s) life cycle (e.g., design/development, marketing, advertising, distribution, customer service/feedback)
3. Gender-specific considerations are captured in product(s)/service(s) safety efforts

Given the unique nature of infrastructure transactions, these transactions are subject to specific evidence requirements (further [guidance in the FAQs](#))²

¹ Financial institutions (FIs) can align with this criteria if they either design products or services specifically for women's needs or they on-lend to individual women and these women compose the majority of the FI's customers. More [details here](#).

² Given the unique nature of infrastructure transactions, they are only 2X-aligned if projects are designed to serve women's unique needs or if they both address a problem disproportionately impacting women and are expected to have majority women customers or beneficiaries. Please see [FAQs for further guidance](#).

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Products & Services Frequently Asked Questions

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What are examples of gender-specific positive effects linked to enhancing the well-being of women/girls and/or driving gender equity?

2

What are examples of products and services drive gender-specific positive effects linked to enhancing the well-being of women/girls?

3

What is the materiality threshold of a product or service that enhances the well-being of women/girls and/or drives gender equity?

4

What are examples of efforts to integrate gender-specific considerations across the product/service life cycle?

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What are examples of gender-specific considerations captured in product(s)/service(s) safety efforts?

6

How does Criteria 5 apply to infrastructure projects?

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What evidence is required to qualify infrastructure projects designed for women's needs?

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What evidence is required to qualify infrastructure projects NOT specifically designed for women's needs?

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1. What are examples of gender-specific positive effects linked to enhancing the well-being of women/girls and/or driving gender equity?

Examples of gender-specific positive effects linked to enhancing the well-being of women/girls and/or driving gender equity include:

- ▶ Access to quality affordable education
- ▶ Access to job training and/or capacity building opportunities
- ▶ Access to quality jobs, stable and reliable income, and/or value-added benefits
- ▶ Enhancement in economic participation and/or financial independence
- ▶ Access to quality medical care
- ▶ Access to quality medical care for all
- ▶ Improvement in health conditions
- ▶ Improvement in women's health conditions (e.g., sexual, reproductive, maternal, other)
- ▶ Access to / improvement in public transportation
- ▶ Access to clean, safe, and affordable energy
- ▶ Access to clean, safe water and/or sanitation
- ▶ Access to fair and affordable financial services (e.g., lending, savings) and/or financial products
- ▶ Access to markets
- ▶ Access to equitable and affordable housing
- ▶ Access to equitable and affordable caregiving
- ▶ Reduction in unpaid care and/or domestic labour (e.g., technology, electricity, childcare, household care and management)
- ▶ Reduction in time poverty
- ▶ Access to affordable, sustainable, and quality food and/or product(s)/service(s) that contribute to healthy or healthier living
- ▶ Reduction in harmful practices (e.g., forced/child marriage, violence against women)
- ▶ Improvement in personal safety / security

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1. What are examples of gender-specific positive effects linked to enhancing the well-being of women/girls and/or driving gender equity?

Illustrative examples:

✓ **Example:** A tech platform aggregates demand & supply of produce and provides logistics to move produce. 65% of its urban street vendor clients are women. The company commissioned a market study to understand how it could have a greater positive impact on women. Based on these insights, it applied a gender lens design to its product and measured that this is now saving women significant time, contributing to alleviate their time poverty.

✓ **Example:** A large infrastructure project focused on sanitation consulted women as part of original stakeholder consultations and strategically designed the locations of latrines within rural villages to specifically balance the need for privacy with the safety risks of isolation. As the investee integrated gender considerations into the project design, the Investor/FI decides to identify the transaction as 2X aligned.

✗ **Example:** A makeup company has produced a new lipstick specifically targeting women customers. As this product does not meaningfully enhance the well-being of women and girls, it is not 2X aligned.

✓ **Example:** A 'virtual witness' security app for unsafe situations directs users toward emergency services. As this service is primarily used in locations with high rates of violence against women (5x global averages)³ and disproportionately benefits women, it is 2X aligned.

✓ **Example:** A fintech has designed and developed a new product developed that addresses needs of both women and men customers, explicitly paying attention to the needs of women in the design and development process. It has also established a clear approach to assess the differential impacts on women and men based on market research. From a safety perspective, it proactively prevents over-indebtedness. A critical mass of women customers use the product. It is 2X aligned.

✗ **Example:** An agriculture extension service provider trains men heads of households in fertilizer application, with the understanding they may transfer learnings to their wives. As there is unclear intent to ensure women benefit, it is not 2X aligned.

Sources: Analysis from Women's Economic Empowerment Through Financial Inclusion: Review of evidence, Innovations for Poverty Action, 2017; Unilever: Opportunities for Women, 2017;
² As a general rule, these should be direct purchasing clients. Client proxies (where women are the primary user but may not have purchased the product/service directly), should only be estimated where there is an intention to support women clients – albeit indirectly
³ App may have been primarily bought or downloaded by men but was intentionally targeted towards women's safety.

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2. What are examples of products and services drive gender-specific positive effects linked to enhancing the well-being of women/girls?

Illustrative examples:



Example: A bank provides small-ticket, flexible repayment loan products to women-owned SMEs, reflecting these clients' desire to adjust borrowing strategies based on business needs. The investee consulted women entrepreneurs and designed the product for their needs. As this provides access to fair and affordable financial services (e.g., lending, savings) and/or financial products, it is 2X aligned.



Example: An off-grid energy company has designed a solar-powered fridge product targeting women customers at the bottom of the pyramid in East Africa. The gender-balanced design team of the company conducted market research to understand how this product can contribute to reducing women's time poverty. Regular customer surveys allow the company to assess the impact on time poverty reduction and provide valuable customer feedback. It is 2X aligned.



Example: An e-commerce company provides women's health products and critical health information to urban and rural low-income customers in East Africa. Social stigma around sexual and reproductive health is very common in the region leading to women not getting access to the right information and safe products to make empowered decisions about their health. The company helps address this by delivering a unique, discreet and user-friendly purchasing experience to the customers it serves. It is 2X aligned.



Example: A road construction firm is being assessed against Criteria 5 (Products & Services), under the premise that new road infrastructure will disproportionately benefit women by enabling them to travel for paid and unpaid work. However, the investee is not able to provide evidence that lack of transport is a major barrier to women's paid employment opportunities or contributes to women's unpaid work responsibilities such as collecting water or fuel. The project is not 2X aligned.¹

Sources: Analysis from Women's Economic Empowerment Through Financial Inclusion: Review of evidence, Innovations for Poverty Action, 2017; Unilever: Opportunities for Women, 2017;

¹ Given the unique nature of infrastructure transactions, they are only 2X-aligned if projects are designed to serve women's unique needs or if they both address a problem disproportionately impacting women and are expected to have majority women customers or beneficiaries.

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3. What is the materiality threshold of a product or service that enhances the well-being of women and girls and/or drives gender equity?

Investors/FIs should assess whether a significant proportion of the product(s)/service(s) that the investee offers enhance the well-being of women / girls.

It is difficult to define a specific threshold at this stage. In general, a lower percentage is more likely/acceptable for larger companies with larger product/service portfolios. Furthermore, sector-specific context may in some cases suggest a lower %.

Investors/FIs should consider on what basis investees are able to calculate the proportion of the product(s)/service(s) that they offer that enhance the well-being of women / girls, such as:

Revenue (i.e., share of total revenue driven by product(s)/ service(s) sold that enhance the well-being of women / girls)

- What is the total revenue driven by all product(s)/ service(s) sold?
- What is the total revenue driven by product(s)/ service(s) sold that enhance the well-being of women/girls?

Volume (i.e., share of total volume of product(s)/ service(s) sold that enhance the well-being of women / girls)

- What is the total volume of all product(s)/ service(s) sold?
- What is the total volume of product(s)/ service(s) sold that enhance the well-being of women/girls?

Number (i.e., share of total number of product(s)/ service(s) that you offer that enhance the well-being of women / girls)

- What is the total number of product(s)/ service(s) that you offer?
- What is the total number of product(s)/ service(s) that you offer that enhance the well-being of women/girls?

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4. What are examples of efforts to integrate gender-specific considerations across the product/service life cycle?

Examples of efforts to integrate gender-specific considerations across the product(s)/service(s) life cycle may include:

Design / development:

- ▶ Policy / commitment to ensure product(s)/service(s) are developed for the needs of both women and men consumers
- ▶ Approach to assess / consider the differential impacts on women and men when developing products/services
- ▶ Gender-diverse stakeholder consultations and/or focus groups to continuously improve design of product(s)/service(s) for women
- ▶ Consider gender aspects of customers when designing or offering new product(s)/service(s) (e.g., size, design)
- ▶ Regular audits and product testing to make sure product(s)/service(s) meet the specific needs of women (or women AND men)
- ▶ Explicit testing of how much product(s)/service(s) are used by different genders
- ▶ Market research on the specific product(s)/service(s) needs and/or preferences of women
- ▶ Value proposition of product(s)/service(s) is differentiated for women customers
- ▶ Gender-diverse product(s)/service(s) design / development team

Marketing / advertising

- ▶ Public commitment to address how gender is portrayed in marketing campaigns so as not perpetuate gender stereotypes
- ▶ Responsible marketing (or similar) policy that addresses the portrayal of gender stereotypes
- ▶ Signatory to Unstereotype Alliance, SeeHer movement or equivalent
- ▶ Marketing strategy tailored to women customers / clients (and/or women-owned/-led business customers) as a target segment
- ▶ Approach to responsible marketing that considers the portrayal of gender stereotypes and/or seeks to challenge existing gender norms and/or promote positive images of women and girls
- ▶ Process to ensure marketing materials, advertisements and external communications have a balanced representation of all genders, do not discriminate against men and women and/or protect against negative gender stereotypes
- ▶ Evaluation of marketing and advertising content for gender biases prior to publication
- ▶ Gender-diverse stakeholder consultations / focus groups to ensure marketing approaches are not perpetuating gender stereotypes
- ▶ Easily accessible communication channel for the public to provide feedback and report incidences where stereotypes are perceived to be perpetuated
- ▶ Gender-diverse marketing / advertising team
- ▶ Resource allocation to women customer acquisition and/or retention

▶ *Good practice:* Having efforts in place to ensure the design and development of product(s) / service(s) integrate gender-specific considerations is considered among the most advanced of examples of integrating gender across the product/service life cycle.

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4. What are examples of efforts to integrate gender-specific considerations product(s)/service(s) life cycle?

Examples of efforts to integrate gender-specific considerations across the product(s)/service(s) life cycle may include:

Distribution

- ▶ Proactive efforts to ensure no gender-based price discrimination
- ▶ Distribution strategy considers needs and/or preferences of men and women customers (e.g., access to product(s)/service(s) delivery channels)
- ▶ Consider gender differences in access to product(s)/service(s) and/or changes distribution models to accommodate these differences
- ▶ Employ women sales agents
- ▶ Provide upskilling / training opportunities and/or other support for women sales agents / distributors
- ▶ Ensure non-discriminatory packaging

Customer service/ feedback

- ▶ Employ women customer service / relations agents
- ▶ Have gender-responsive guidelines for customer service and support teams
- ▶ Provide training on unconscious bias for employees who have direct exposure to customers
- ▶ Encourage customers of all genders to provide feedback on product(s)/service(s)
- ▶ Conduct customer satisfaction surveys that address / analyse gender-specific issues

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5. What are examples of gender-specific considerations captured in product(s)/service(s) safety efforts?

Examples of gender-specific considerations are captured in product(s)/service(s) safety efforts may include

- ▶ The investee monitors the gender-specific health and safety impacts of the products/services (including that they do not perpetuate inequity)
- ▶ The investee monitors whether the products/services cause any negative gender-specific health and safety impacts
- ▶ The investee monitors whether the distribution of the products/services cause any gender-specific risks that may compromise customer safety
- ▶ The investee monitors whether the distribution of the products/services cause any gender-specific risks that may compromise customer safety

Illustrative examples:



Example: A rapidly growing chain of chemists in a country in Sub-Saharan Africa provides affordable drugs and healthcare for poor households in underserved rural areas. It has an equal number of men and women customers, and the chemist was the first firm in its country to offer the morning after pill. The Investor/FI decides to identify as aligning with 2X.

Per good practice, the Investor/FI also works with the company to consider gender in its provision of other products.



Example: A large infrastructure project focused on sanitation consulted women as part of original stakeholder consultations and strategically designed the locations of latrines within rural villages to specifically balance the need for privacy with the safety risks of isolation. As the investee integrated gender considerations into the project design, the Investor/FI decides to identify the transaction as 2X aligned.



Example: A factoring company establishes a strategic alliance with a beauty salon chain offering permanent make-up, plastic surgery and anti-aging treatments. The beauty offerings were designed in consultation with women and the factoring company provides consumer financing to enable women's access to these services. The gender impact of the product/service is not sufficient, as it does not sufficiently enhance women's well-being (it may perpetuate pressure on women to meet beauty standards) nor does it clearly drive gender equity.

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6. How does Criteria 5 apply to infrastructure projects?

Infrastructure transactions can align if they^{1, 2}

1. Are designed for women's needs [See FAQ](#)
 2. Address a problem disproportionately impacting women;
- OR**
3. Expect to have majority women customers; or
 4. Expect to have majority women beneficiaries³ [See FAQ](#)

Illustrative examples:

 **Example:** A metro renovation project integrates gender design features such as dedicated waiting spaces, separate washrooms (with layouts appropriate for all gender identities), as well as lactation facilities.

 **Example:** A water supply project is undertaken in an area where it is evidenced that women disproportionately take on the unpaid domestic work of collecting water. Following a household survey conducted on a representative sample of women in the area, the project expects that women are majority beneficiary.

 **Example:** A highway is constructed in a region where women disproportionately encounter transport barriers. However, it is unclear how the project addresses women's existing transport barriers or whether women are expected to be majority of road users. The project is not 2X aligned.

 **Example:** A school is built in a region where girls have lower education levels than boys. However, the school does not include any design features to ensure girls can safely and fully benefit and it is unclear whether girls will represent majority of students. The project is not 2X aligned.

¹ The Product & Services criteria remain the same but are applied differently for infrastructure transactions.

² All infrastructure transactions should be reviewed for baseline gender risk mitigating measures that apply 'do no harm' principles. See [Appendix](#).

³ See [FAQ for more details](#).

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7. What evidence is required to qualify infrastructure projects designed for women's needs?

For projects which are designed – in part or as a whole – to respond to women's needs, investees must:

- Conduct gender analysis using **primary evidence** specific to the project (e.g., women focus groups, sex-disaggregated surveys or demand analysis) **or relevant secondary evidence**¹
AND
- Demonstrate **a link** between the gender analysis conducted/collected and the gender design features incorporated in the project

Illustrative examples:

✓ **Example:** A social housing project consulted secondary research and conducted focus groups to **design the housing to address women's stated needs**, including safety (e.g., by locating waste collection bins in public, well-lit areas) and unpaid care responsibilities (e.g., by having all units overlook a communal playground where caregivers can oversee children from their unit's window).

✓ **Example:** A sanitation project leads **focus groups with a representative sample of local women** to identify locations and designs for latrines which balance women's needs for privacy with safety risks of isolation.

✗ **Example:** A highway is constructed in a region of Mexico. The investee wants to utilize secondary research in South Asia to justify the key adjustments made to the highway to design it for women's unique needs. However, the **Investor/FI determine the secondary evidence is not relevant to the project in Mexico**. The project is not 2X aligned.

✗ **Example:** A hospital is built in a region of Kenya where **secondary evidence suggests women face poorer health outcomes than men**. However, the project **does not include any design features** meant to ensure women can safely and fully benefit from the hospital. The project is not 2X aligned.

¹ Please see the "[What is gender analysis?](#)" in this Reference Guide for details on types of gender analysis and the distinction between primary evidence that is collected by an investee vs. secondary evidence that is collected by a credible external source. Relevance of secondary evidence can typically be defined by (i) Geography: Data is focused on the local context of the project or is from a context which is similar enough for the insights to be transferable; (ii) Sector: Data is focused on the same sector as the project, and (iii) Date of collection: Data has been collected recently enough to be considered reliable in the current context.

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8. What evidence is required to qualify infrastructure projects NOT specifically designed for women's needs?

To qualify infrastructure projects NOT specifically designed for women, it must meet BOTH sub-criteria below:

1. Address a problem disproportionately impacting women

Primary evidence specific to the project or relevant secondary evidence¹

Example: Sex-disaggregated surveys carried out by the investee directly (primary) or from a reliable external source (secondary)

2. Expect to have majority women customers; OR Expect to have a majority of women beneficiaries

Primary evidence specific to the project¹

AND/OR²

Commitments to encourage women to be majority customers or beneficiaries through measures to support women's uptake³

Examples: See above and see the [“What is gender analysis?”](#) on this Reference Guide for further examples¹

Illustrative measures to support women's uptake²

- Including women within oversight committees and/or running a gender-representative consultation process during the operational phase to ensure women's perspectives are included
- Addressing safety/pricing/logistical issues that would otherwise prevent women from fully benefiting
- Running targeted outreach/communication campaigns to ensure that women directly benefit, for instance demonstrating benefits in reducing unpaid care work responsibilities
- In the case of service provision, allocating part or all of the service to women/girls
- Offering free training and/or financial support to local women/girls to facilitate their access

¹ Please see the [“What is gender analysis?”](#) in this Reference Guide for details on types of gender analysis and the distinction between primary evidence that is collected by an investee vs. secondary evidence that is collected by a credible external source. Relevance of secondary evidence can typically be defined by (i) Geography: Data is focused on the local context of the project or is from a context which is similar enough for the insights to be transferable; (ii) Sector: Data is focused on the same sector as the project, and (iii) Date of collection: Data has been collected recently enough to be considered reliable in the current context.

² Recommended best practice is for the investee to commit to measures to support women's uptake irrespective of the provision of acceptable primary evidence;

³ These measures should go beyond baseline gender risk mitigating measures that apply 'do no harm' principles (please see Appendix for further details) and be relevant to the specific challenges women face in the project's context.

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8. What evidence is required to qualify infrastructure projects NOT specifically designed for women's needs?

Illustrative examples:

✓ **Example:** A water supply project in East Java uses a local study conducted by the World Bank in 2018 to demonstrate that women bear most of the burden for collecting water. The investee does not have primary evidence to demonstrate ex ante that women will be majority beneficiaries. However, they commit to ensuring that women disproportionately benefit and plan to implement specific measures to encourage women's uptake such as setting up a gender-balanced local water board and outreach targeting a representative share of women in the community to ensure women can safely and fully benefit from the infrastructure.

✓ **Example :** An electrification project in Adamawa State, Nigeria uses a local study carried out by the Nigerian Federal Ministry of Women Affairs And Social Development to prove that women disproportionately bear the burden for collecting fuel and firewood in the State. The investee then conducts a sex-disaggregated survey on the impact of electrification on local households to analyze expected usage and determine that women would be the majority of beneficiaries. Following best practice, the investee also commits to creating financing arrangements that respond to the needs of female-headed households and conducting outreach to women to raise awareness of the financial arrangements available and the benefits (e.g., time saving value) of electrification.

✗ **Example:** A road construction project in the Northern Cape province uses a white paper published by a renowned South African think-tank in 2017 to prove that women disproportionately encounter transport barriers in the province. However, it is unclear how the project will address transport barriers faced by women. The investee does not submit any primary evidence to support the expectation that women would represent the majority of road users (e.g., through sex-disaggregated demand analysis) nor commits to ensuring women will disproportionately benefit from the road. The project is deemed not to be 2X aligned.

✗ **Example:** A school construction project in Jinotega, Nicaragua uses a local study conducted by the Nicaragua's statistics institute in 2020 to show that girls have lower education levels than boys in the Jinotega region. However, it is unclear how the project will address educational barriers faced by girls. The investee does not submit any primary evidence to suggest that girls would represent majority students at the school. The investee also does not commit to ensuring that girls will disproportionately benefit such as through measures to increase girls' attendance. The project is deemed not to be 2X aligned.

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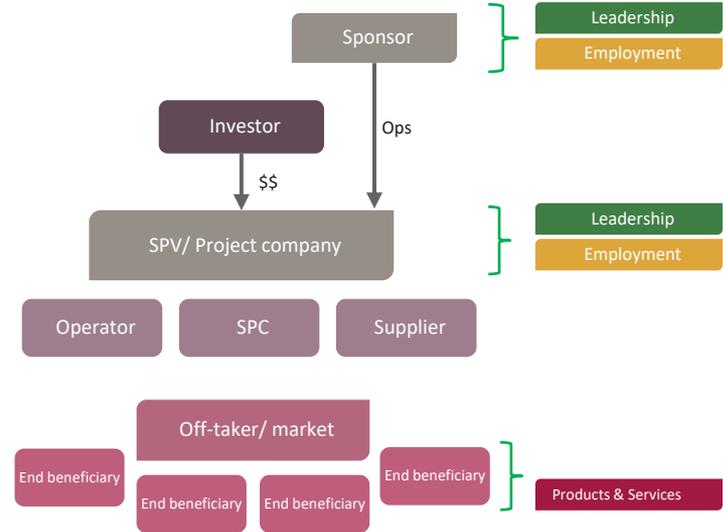
9. In project finance, how should gender efforts at the project sponsor or the off-taker levels be assessed?

In project finance, especially greenfield projects, investors should use the following guidance to assess gender efforts at the project sponsor and/or off-taker levels.

SPV:
Assess for Criteria 2 (Leadership) and Criteria 3 (Employment) at the SPV level; in some cases, SPV roles may be figurative/ not full-time, in which case, Leadership and Employment is measured at the sponsor team level

End beneficiary:
Assess for the Criteria 5 (Products & Services) at the end beneficiary level using the approach for infrastructure.

EPC / off-taker:
If the investor can have direct engagement and leverage at the EPC and off-taker level, this level should ideally be assessed as well to influence gender diversity at EPC. However, in practice, the engagement and influence of the investor may be rather limited.



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10. How can a fund meet Criteria 5 at the Fund Manager level?

A fund can meet Criteria 5 (Products & Services) if it has a gender lens investment thesis. A gender lens investment thesis requires the following to count:

1. Gender is explicitly stated, and front and center in the fund’s investment thesis
2. The fund pursues a gender lens investing strategy and gender is incorporated along the investment cycle. Note: we would generally expect a fund with a gender lens thesis to have gender incorporated across the entire investment lifecycle; however, as a minimum requirement, there needs to be evidence that gender is incorporated at least at certain stages of the investment cycle (such as e.g. origination or value creation).
3. As a result, there should be no dissonance with the Portfolio Criteria. With a gender lens investment thesis, it can be expected that the share of portfolio companies that are 2X aligned is at least as high as the Portfolio Criteria threshold.

Illustrative examples:

✓ **Example:** A fund focuses on supporting female entrepreneurs in South Asia, via a portfolio that includes direct equity stakes in women-led businesses and training services for aspiring entrepreneurs. The investment thesis states women’s economic empowerment as a strategic goal. This fund meets the Products & Services Criteria (explicit gender thesis and gender lens along the investment cycle).

✓ **Example:** A fund has an investment thesis explicitly focusing on the nexus of gender and climate. A gender lens is incorporated along the investment cycle, with a particular focus on gender action plans as part of the value creation strategy. This fund meets the Products & Services Criteria (explicit gender thesis and gender lens along the investment cycle).

✗ **Example:** A fund makes public statements about the importance of gender diversity. On its website and investor deck it speaks to its gender lens, however the investment thesis as such only mentions agriculture and climate. This fund does not meet the Products & Services Criteria, as gender isn’t front and center in the investment thesis.

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Assessing Portfolio alignment

Investments through financial intermediaries are aligned for 2X indirectly

6 Portfolio

Criteria	Threshold
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%
OR	
6B. <i>Funds</i> : Percent of portfolio companies that meet the 2X Criteria	30-50%

Criteria detail

6A. Financial Institutions (Fis)

- ▶ Either the FI commits that min. 30% of the Investor/FI loan proceeds will go towards businesses that are 2X aligned OR the FI's existing portfolio is comprised of at least 30% businesses (by volume or value) that are 2X aligned.

The Investor/FI should monitor the use of funds to ensure compliance over time.

6B. Funds

- ▶ The fund must commit that 30% of investees must meet the 2X Criteria (requirements for companies) going into the fund (at origination) OR reach min. 50% at the the end of the fund's life (at exit).
- ▶ Exception: Infrastructure funds must meet 30% by the end of the fund's life (at exit)
- ▶ Evergreen funds: 50% of existing portfolio investments have to meet the 2X Criteria minimum requirements for companies 5 years after first investment of the fund and from then onwards the 50% threshold has to be kept stable

Threshold rationale:

Portfolio – 30% by value OR volume for FIs²

- ▶ Women consistently have lower access to finance than men therefore access to investment is beneficial
- ▶ For FIs lending to SMEs, the 30% threshold is benchmarked to the share of women-led SMEs which on average is around 30% globally.

Portfolio – 30% by volume for Funds²

- ▶ For funds, the threshold was increased with the latest updates to the 2X Criteria based on the practical experience with the 2X Challenge 2018-2022.

¹ This category includes banks, MFIs, and non-bank financial institutions

² Volume indicator is number of businesses; value indicators is dollars lent or invested in businesses.

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Portfolio Frequently Asked Questions

Click on the question below to read the detailed guidance.

1

How should Investors/FIs deal with actual use of capital by financial institutions and funds?

2

For funds, what does it mean to have a gender lens investment thesis?

3

What happens if a financial institution or fund meets the direct criteria related to the intermediary itself, but not the portfolio criteria? Or vice versa?

4

Can holding companies or SPVs be assessed for alignment with the 2X criteria?

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What is considered good practice for funds?

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1. How should Investors/FIs deal with actual use of capital by financial intermediaries and funds?

Financial Institutions: If an Investor/FI mandates the use of capital, then at least 30% of its investment/financing must go to 2X aligned businesses. If an Investor/FI does not mandate use of capital, the FI must demonstrate that over 30% of its portfolio is already composed of 2X aligned businesses, or effectively 'commit' to using min. 30% of the investment/financing towards aligned businesses.

Funds: The fund must commit that 30% of investees must meet the 2X Criteria (requirements for companies) going into the fund (at origination) OR reach min. 50% at the the end of the fund's life (at exit). (For infrastructure funds, 30% at the end of the fund life is acceptable)

- These commitments (like any other 2X commitment) should be clearly documented in writing and [monitored periodically](#).
- The Investor/FI must monitor the commitment (use of funds and/or portfolio target) periodically.

Illustrative examples:



Example: An Investor/FI makes a loan to a bank for on-lending to SMEs. The Investor/FI mandates that over 30% of the investment will go to women-owned SMEs. Given the mandate on how to deploy capital, and the existing gender balance (40%-60%) on the bank's Board, the investment is 2X aligned.



Example: An investor makes an investment into an infrastructure fund. The fund commits in the legal documentation that at least 30% of its portfolio investments will meet the 2X Criteria requirements for infrastructure investments by the end of the fund's life (in line with the permitted lower threshold of min. 30% by the end of the fund life for infrastructure funds). The fund manager itself meets the Leadership criteria.

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2. For funds, what does it mean to have a gender lens investment thesis?

A fund can meet Criteria 5 (Products & Services) if it has a gender lens investment thesis. A gender lens investment thesis requires the following to count:

1. Gender is explicitly stated, and front and center in the fund's investment thesis
2. The fund pursues a gender lens investing strategy and gender is incorporated along the investment cycle. Note: we would generally expect a fund with a gender lens thesis to have gender incorporated across the entire investment lifecycle; however, as a minimum requirement, there needs to be evidence that gender is incorporated at least at certain stages of the investment cycle (such as e.g. origination or value creation).
3. As a result, there should be no dissonance with the Portfolio Criteria. With a gender lens investment thesis, it can be expected that the share of portfolio companies that are 2X aligned is at least as high as the Portfolio Criteria threshold.

Illustrative examples:



Example: A fund focuses on supporting female entrepreneurs in South Asia, via a portfolio that includes direct equity stakes in women-led businesses and training services for aspiring entrepreneurs. The investment thesis states women's economic empowerment as a strategic goal. This fund meets the Products & Services Criteria (explicit gender thesis and gender lens along the investment cycle).



Example: A fund has an investment thesis explicitly focusing on the nexus of gender and climate. A gender lens is incorporated along the investment cycle, with a particular focus on gender action plans as part of the value creation strategy. This fund meets the Products & Services Criteria (explicit gender thesis and gender lens along the investment cycle).



Example: A fund makes public statements about the importance of gender diversity. On its website and investor deck it speaks to its gender lens, however the investment thesis as such only mentions agriculture and climate. This fund does not meet the Products & Services Criteria, as gender isn't front and center in the investment thesis.

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3. What happens if a financial institution or fund meets the direct criteria related to the intermediary itself, but not the portfolio criteria? Or vice versa?

Funds and FIs must meet (or make a time-bound commitment to meet) at least one direct criteria related to the fund manager / FI itself and the portfolio criteria.

Financial Institutions:

- ▶ For FIs, one of two sub-criteria must be met at Portfolio level: Min. 30% of the investor loan proceeds OR of the FI's portfolio must support businesses that meet the 2X Criteria. As FI portfolios are typically very granular with hundreds or even thousands of MSME clients, the requirements for FI portfolio companies are simplified: the FI's MSME clients must meet at least 1 of the 2X Criteria thresholds (with the option to also use more simplified thresholds for Leadership and Employment) and comply with [Basic 2X ESG](#).
- ▶ The FI itself must meet at least one of the 2X Criteria 1-5. In exceptional cases, it is acceptable to agree to a time-bound commitment. Where FI meets the Employment Criteria, the investor should pay special attention to ensure there is no dissonance with the Leadership Criteria (i.e. that there are at least 10% women in Leadership).
- ▶ For FIs who lend to individual women rather than businesses the Products & Services Criteria with a threshold of 50% applies rather than the Portfolio Criteria.
- ▶ Note: FIs can only qualify under the Supply Chain Criteria if they indeed have a significant supply chain.

Funds:

- ▶ Funds typically attract investments before the start of the investment period and, by their very nature, certainly before the fund is fully invested. Therefore, the investor should agree to a portfolio level commitment aligned with the Portfolio criteria. At the Portfolio level, portfolio companies must meet the 2X Criteria requirements for companies (either 30% of portfolio companies going into the fund or 50% at time of exit / end of the fund life).
- ▶ Fund managers must meet at least one of the 2X Criteria 1-5 at the fund manager level. In exceptional cases, it is acceptable to agree to a time-bound commitment. Where fund managers meet the Employment Criteria, the investor should pay special attention to ensure there is no dissonance with the Leadership Criteria (i.e. that there are at least 10% women in Leadership).
- ▶ Funds are aligned with the Products & Services Criteria if they have an intentional gender lens investing thesis. This requires that gender is explicitly stated in the investment thesis and a gender lens is incorporated along the investment cycle.
- ▶ Note: The Supply Chain Criteria does typically not apply at the fund manager level, as fund managers typically don't have significant supply chains.

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3. What happens if a financial institution or fund meets the direct criteria related to the intermediary itself, but not the portfolio criteria? Or vice versa?

Illustrative examples:



Example: An Investor/FI invests in a fund with a clear target to have at least 50% of its portfolio in 2X aligned companies. The fund meets the Employment criteria threshold but has no women at Partner level with decision-making authority or on the IC (i.e. there is dissonance between Employment and Leadership). The fund manager makes a time-bound commitment to meet the Leadership threshold over time and develops a set of actions to get there. The investment can be considered 2X aligned.



Example: An Investor/FI invests in a financial institution which is considered an employer of choice for women in its country and meets the Leadership and Employment criteria. The FI concludes that a 30% use of proceeds for WSMEs would be too aggressive given its challenging context. This investment is not 2X aligned unless the FI makes a commitment at the Portfolio level, either for the use of proceeds or for the portfolio as a whole.

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4. Can holding companies or SPVs be assessed for alignment with the 2X criteria?

Considerations: In general, the ultimate ‘real world’ use of funds is what matters. If the holding company or SPV has no ‘substance’ in the real world and simply channels funds directly to an operating company (or related group of companies) that is 2X aligned under the 2X Criteria 1-5, the investment will be aligned. If the holding company functions more like an investment fund (i.e., channels money to multiple unrelated companies), both the 2X Criteria 1-5 and the Portfolio criteria can be used. If the holding company itself has ‘substance’ in the real world (i.e., its own employees, management, and substantive board), the holding company itself must be assessed for alignment under the 2X Criteria (akin to a fund).

Illustrative examples:



Example: An Investor/FI invests in a fintech company which intends to provide loans for women customers. However, to do so, it sets up an SPV based in Switzerland. The investment can still be aligned for 2X, as the SPV is established to provide capital for on-lending to at least 30% women customers and the fintech operating company also meets one of the 2X Criteria itself.



Example: An Investor/FI invests in a holding company ‘platform’ that will establish a chain of hotel subsidiaries under one brand in various African countries. The platform sponsor commits that the Leadership and Employment criteria will be met across the chain. This commitment is codified in the investment agreement and periodically monitored by the investor. The investment is 2X aligned.



Example: An Investor/FI invests in a garment manufacturer selling fabrics and finished textiles to households in East Africa. The garment manufacturer operates globally, and does not meet any of the 2X criteria. For operational reasons, the Investor/FI invests through a Mauritius holding company with a ‘board’ meeting the threshold for Leadership. This does not count for the Leadership criteria, as the holding company’s board is purely an artifact of the investment process and the funds are ultimately channeled to a company with no alignment with 2X.

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5. What is considered good practice for funds?

Drawing on lessons from 2X Flagship Fund qualifications, 2X Ignite, and acknowledging the fact that fund qualifications rely on small teams and future based commitments (at portfolio level), the following guidance should be adhered to for funds as a matter of good practice:

Gender Lens Investing Strategy:

- A GLI strategy is defined as an intentional approach to integrating gender into investment decision-making structures and processes; assessing investments for opportunities to support gender equity along the 2X Criteria; supporting investees to realise these opportunities post-investment through targeted gender value creation; and tracking and reporting systematically on gender impact across the portfolio.
- Good practice: Carry is partially linked to gender outcomes.

Key considerations at Fund Manager level:

- Leadership:
 - Senior Management is defined as Managing Partners and Partners: % of women in Partner positions with investment (+ value creation) responsibilities, striving towards min. 50%
 - IC: % of women, striving towards min. 50% (internal and external IC members)
 - Future leadership: gender-balanced mid/junior team, striving for strong female pipeline and evidence of a plan/policy/initiative to bring more women into leadership positions, and accountability through reporting to governance structures e.g., LPACs
- GP Ownership:
 - % of women, striving towards min. 50%, but exceptions case-by-case (esp. when ownership lies with a sponsor/institution)
- Economics:
 - Carry: % to women (striving for min. 50%, following leadership/team logic + commensurate to risk)
 - Pay equity across the team (among partners and other hierarchy levels as well as partners vs. team pay equity) (Criteria 3: Employment)
- Employment:
 - min. 40% threshold
 - Dissonance check: funds are not 2X aligned on Employment if >90% of leadership is male without a concrete and time-bound commitment to diversity at at least one of the leadership structures (Board, IC, Partners), and accountability through reporting to governance structures e.g., LPACs
 - Workplace-focused efforts in place to increase the share of women employees and/or to support them (e.g., care support; GBVH prevention/remediation; support for women's health needs)

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Context and the future 2X Challenge (2024–2026)

The next 2X Challenge will unlock an unprecedented a multibillion-dollar target over a three-year period and welcome the full spectrum of investors and capital providers beyond DFIs and MDBs.

The [2X Challenge](#) was launched at the G7 Summit 2018 as a commitment by DFIs to collectively mobilise US\$3 Billion in private sector investments in developing country markets over three years. These investments provide women with improved access to leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access. The original target was 3x overachieved, with the DFIs investing US\$6.9 Billion. Including co-investments, the total capital mobilised reached US\$11.4 Billion.

At the G7 Summit 2021, 20 global DFIs and MDBs committed to a new and more ambitious target of US\$15 Billion for the period 2021-2022. This second round of the 2X Challenge has again exceeded its target and collectively raised gender lens investments totalling US\$16.3 Billion, benefitting 473 businesses across all global emerging market regions. This brings the total investments under the 2X Challenge since 2018 to US\$27.7 Billion.

The next round of the 2X Challenge will be for the period 2024-2026, now open for participation from the full spectrum of 2X Global members. It will be based on the updated 2X Criteria (this Reference Guide) and new transparency & disclosure requirements. The new target and 2X Challenge members will be officially announced at the G7 Summit in June 2024. [Contact us to join the 2X Challenge.](#)



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.

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 requirements¹, 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 ¹	Yes/No
1 Entrepreneurship & Ownership	1A. Share of women ownership	51%
	OR	
	1B. Business founded by a woman	50%
OR		
2 Leadership	2A. Share of women in senior management	Varies ²
	OR	
	2B. Share of women on the Board or Investment Committee	Varies ²
OR		
3 Employment ³	Share of women in the workforce AND	Varies ²
	One "quality" Employment indicator ⁴ beyond compliance	Yes/No
OR		
4 Supply Chain	Commitment to women in supply chain AND	Yes/No
	One "quality" Supply Chain indicator ⁴ beyond compliance	Yes/No
OR		
5 Products & Services	Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity	Yes/No

Portfolio ⁵	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%
	6B. <i>Funds</i> : Percent of portfolio companies that meet the 2X Criteria	
6		30-50%

¹ 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.

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

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

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

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

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