GLOBAL
Unlocking gender-smart capital at scale.

2X Certification

Public consultation

July 2023

Background Context on 2X Certification

Over the last months, we have been deep in co-creation with experts, practitioners and users across the gender finance field to develop the 2X Certification.

The 2X Certification mechanism was publicly announced at the G7 Summit 2022 under Germany's G7 Presidency marking the kick-off of a co-creation process to build the industry-endorsed certification scheme. 2X Certification is being developed for the following target audiences: Companies (differentiating for SMEs and corporates), Funds, Financial Institutions, Institutional Investors, and Instruments and Products like gender bonds and sustainability-linked loans. The first phase in 2023 focuses on funds and companies.

The methodology and approach that you will see in this deck builds on the solid foundation of the 2X Criteria, which has rapidly become an industry standard for gender lens investing. 2X Certification further evolves this standard towards what 'better', 'best-in-class' and 'visionary' looks like. The ultimate goal of 2X Certification is to provide nuanced evaluation, guidance, and action pathways to create more transparency, accountability and credibility - and ultimately deeper impact - in the global field of finance.

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Note to reviewer

Please also note questions that will pop up in call-out boxes like this along the way

Thank you for your time and wisdom. We are excited to share an **early working draft,** and are eager to hear your feedback and insights on the following questions:

- In general, what do you think?
- Is there anything that:
  - Is inaccurate / should be corrected?
  - Is unclear / requires further explanation?
  - Is missing / should be added?
  - Should be removed?
  - Requires language to be adjusted?
- To what extent does this complement leading (gender) frameworks and standards in the wider field?
- Do you feel that what we are asking (e.g., scope of assessment, disclosures, pricing) is reasonable?
- How ambitious does it feel in terms of setting new benchmarks for good/better/best practice?
- How feasible do you think implementation and adoption will be for your type of user/actor?

As noted, you can share your feedback via this Google Form.

With gratitude,

The 2X Certification Team

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- **WHY: Relevant context for 2X Certification development**
- WHEN: Timeline for 2X Certification development
- HOW: Key components of 2X Certification
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  - 2X Certification Methodology
    - Building on 2X Criteria Foundation
    - 2X Certification Methodology Framework
  - Annex
    - Detailed Methodology & How 2X Certification Works
    - User experience

Are the purpose and value proposition of 2X Certification clear and compelling?

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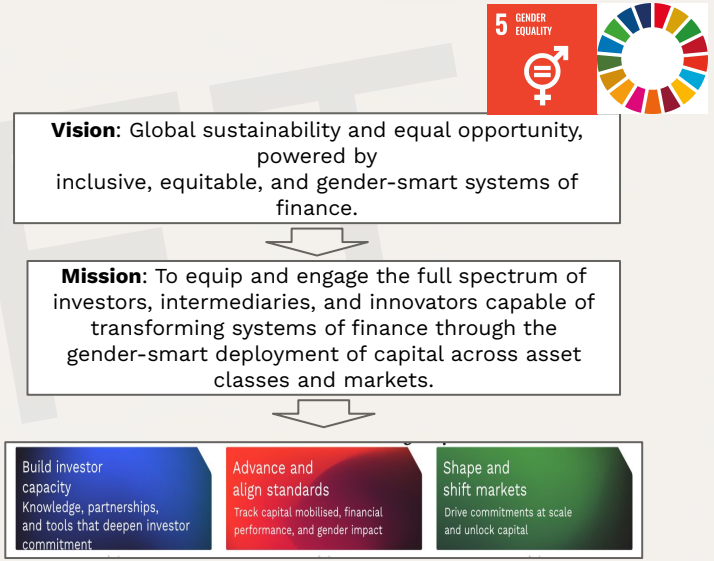
Underpinning Theory of Change of 2X Certification & Strategic Alignment for 2X Global: Align Standards Pillar

- 2X Global is a mission-driven organisation working towards transforming systems of finance through the deployment of gender-smart capital.
- There is an **established functioning logic linking intended impacts with strategies and tangible activities** or products such as the 2X Criteria.
- **2X Certification** is placed under the strategic pillar “Advance and align standards”.
- **The intended impact** of the certification is based on the expected increase in quality and - due to its signaling power - in quantity of gender-smart finance.
- **Measuring success of the certification** will therefore depend on the direct outputs related to
  a) uptake of the certification and
  b) change in practices caused by preparation for the certification or for keeping it and improving to higher levels.
  c) increased standardisation across good/better/best + visionary
- **Outcome-level targets are therefore similar to the general 2X Global impact targets:**
  1) Enhanced capacity and capabilities of the global investment community to deploy gender-smart capital
  2) Improved investment processes and standards, alongside organisational changes
  3) Increased volume of capital deployed (across various thematics) with a gender marker, compared to baseline



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Objectives of 2X Certification

2X Certification is a mechanism that seeks to:

- Build on the strong foundation of the 2X Criteria and its harmonising influence around what good looks like
- Move beyond self-assessments and nudge the broader field toward higher levels of ambition in their gender smart investing approaches
- Provide an independent, universally available and comprehensive gender assessment of a company, fund, instrument and financial institution that includes:
  - Breadth and depth of assessment across dimensions and themes
  - Third-party verification, assurance and certification
  - Benchmarking to relevant peers to capture regional/sectoral nuances
  - Greater regional and sector nuances integrated
  - Identification of strengths and areas for improvement
  - Supporting applicability across both integrated and intentional gender-smart investing strategies and approaches
- Create more transparency, accountability, credibility and deeper impact in the global field of gender lens investing

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Distinct Target Audiences

2023 Focus: Companies and funds

- Companies (differentiating between SMEs and corporates) and funds are the core focus in 2023, building on the longstanding experience of the 2X Challenge qualifying companies, funds and financial institutions.
  - Potential users in these segments have been key partners in the co-creation process

2024-25: Financial institutions, gender bonds and sustainability-linked loans, and institutional investors

- The overall methodology will remain consistent across all target audiences. In 2024+ we will expand 2X Certification beyond companies and funds to financial institutions, products and instruments like bonds and sustainability-linked loans and institutional investors.

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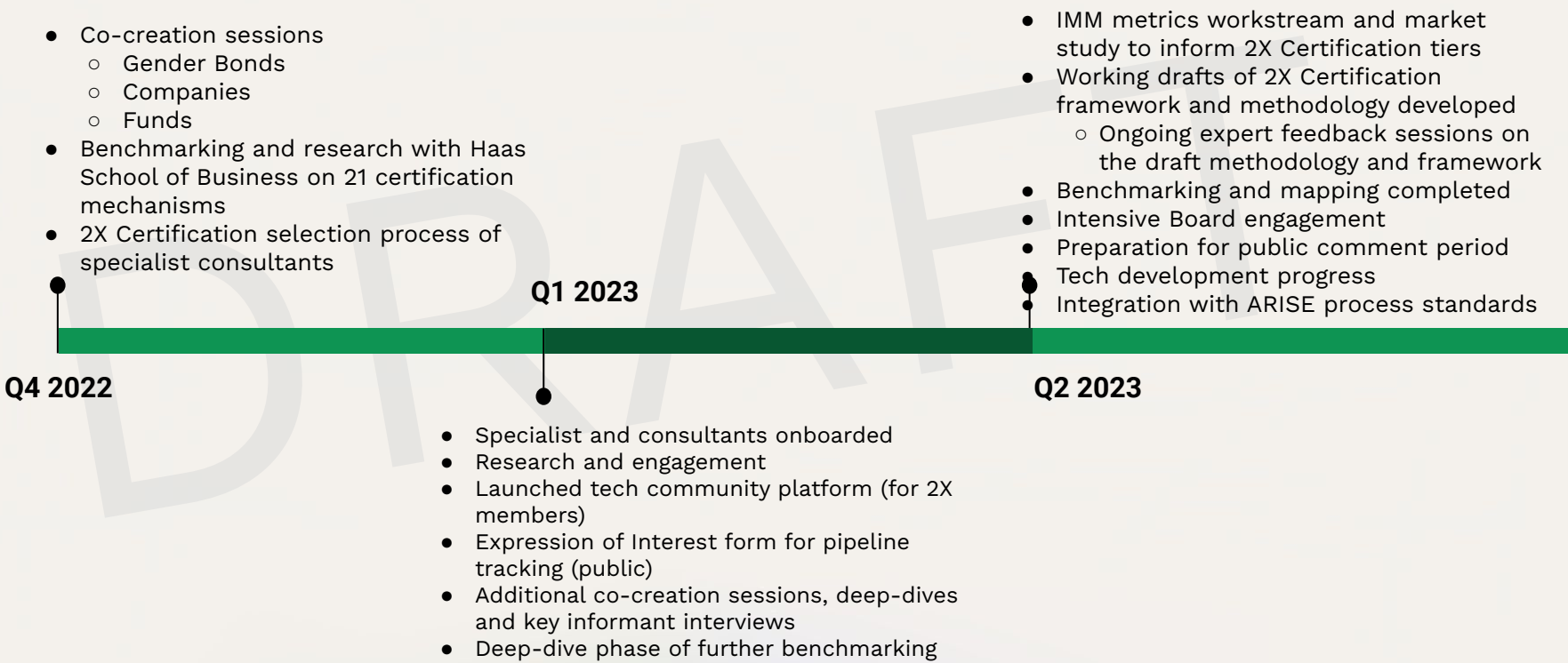
Milestones to date: Co-creation, Benchmarking & Development



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Next steps: Second half, 2023

Q2 2023

- Expert feedback sessions on framework and methodology
- Workstream on overall set-up, governance and sustainability model
- Presentation of draft methodology to the 2X Global Board
- Detailed indicator finalisation
- Building back-end of the tech platform

Q3 2023

- Public comment period (members and wider field)
- Finalise preliminary 2X Certification methodology, framework and indicator details
- Building back-end of the tech platform
- Operational set-up
- Board approval of 2X Certification scheme for piloting
- Concrete pilot selection

Q4 2023

- Conduct pilots
- Pilot evaluation plan approved by 2X Board
- Active learning and evaluation
- Refinement

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Are there any concerns re: the roles & responsibilities for 2X Certification?
Is the overall model reasonable?

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Governance for 2X Certification

- 2X Global is both a membership and a field building organisation. **2X Certification is situated in the field building area with a fire wall to membership to ensure independence.**
    - Members of 2X Global are at different stages of their gender-smart journey and are not required, but encouraged, to pursue 2X Certification. This will ensure that there are no conflicts of interest and that 2X Certification can be at the leading edge of standard setting with independence from membership interests. Entities do not need to be members to apply for Certification.
- A **2X Certification Body** will be established under 2X Global which oversees the entire 2X Certification mechanism and awards the final certification.
- **Accredited (external) Certification Partners** will be selected, trained and engaged to carry out third party data validation and due diligence for 2X Certification.
- We are exploring establishing an **Expert Review Panel** of thought leaders, standard setters and experts that play a strategic advisory role, help us evolve the certification standard over time and promote independence.
- We are in the process of determining the **standards that apply to us as standard setters**, i.e. the standards guiding our work as 2X Certification Body and Accredited Certification Partners governing the type of assurance that is provided with certification. We are in conversation with other standard setters and industry leaders to ascertain best practices. We are committed to aligning with industry standards and supporting ease of use for certification clients

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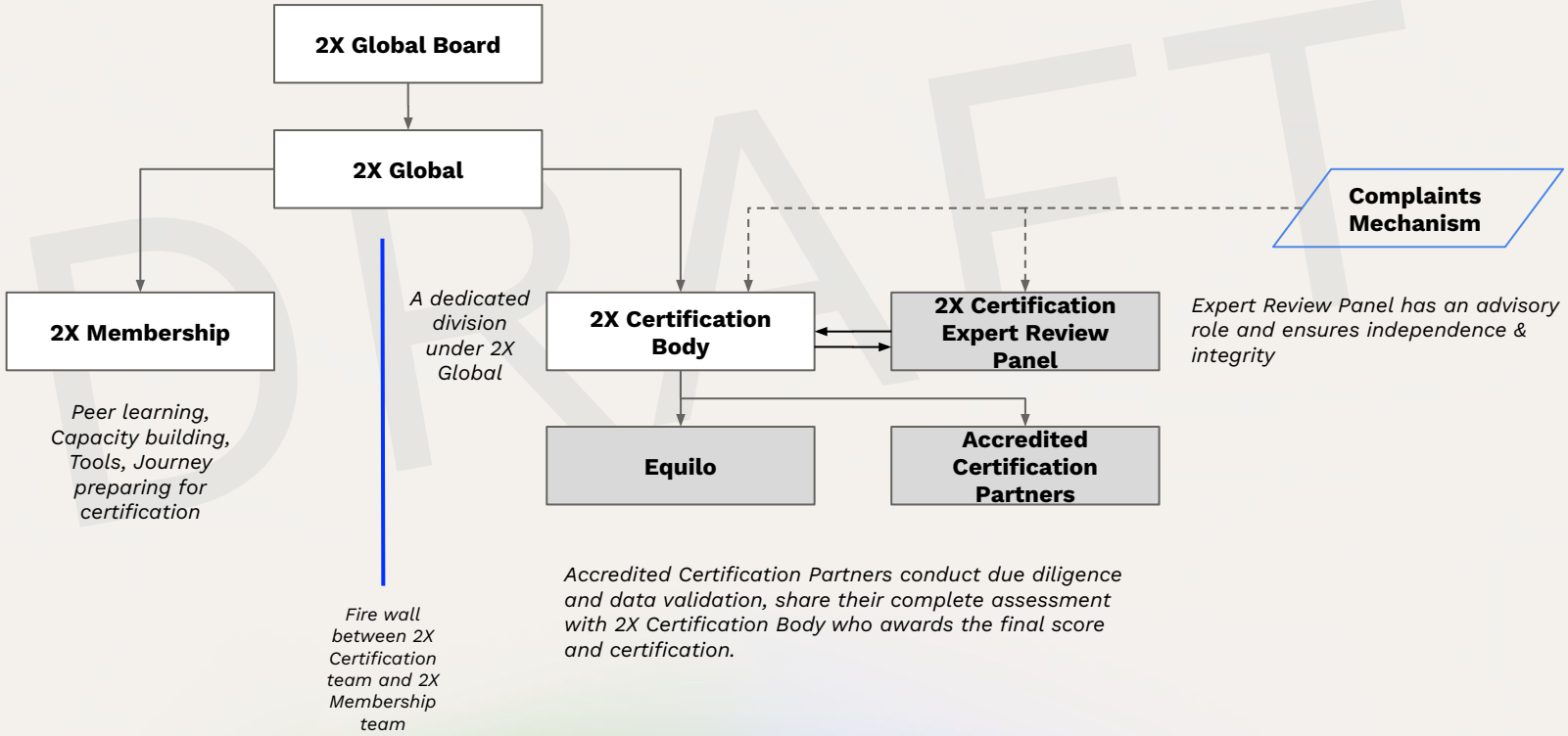
Governance at a Glance

2XG

External

Stakeholder Mechanism

More about Roles & Responsibilities on the next slide



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Roles & responsibilities

- **2X Certification Body**
  - Overall responsibility for day to day running of 2X Certification across audience categories.
  - Team size starting with 1 Lead/PM, 1 Associate
  - This team under 2X Global is separate from membership
  - Awards the final certification
  - Knowledge management
- **Accredited Certification Partners**
  - Trained in the 2X Certification methodology, regular ongoing training and sparring across certification partners
  - Undertake the certification process in terms of data validation, assessment, due diligence, scoring and recommendation on next steps to 2X Certification Body
- **Data partner (Equilo)**
  - Creating the technology backend, and refining the operational system over time
  - Collating the data and insights for analysis
- **Expert Review Panel**
  - Regularly discusses trends, opportunities and risks in the broader global standard setting space and implications for 2X Certification.
  - Reviewer of those currently undergoing the certification process, and stepping in for divergent cases.
  - Helps preserve the independence of the 2X Certification mechanism.
- **Complaints Mechanism**
  - Whistleblower channel and opportunity for stakeholders to raise concerns about those seeking or having been awarded certification

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Accredited Certification Partners

The role of the certification partner is to make 2X certification accessible and timely

- Qualification of companies and financial intermediaries such as funds and financial institutions under the 2X Challenge has become an important recognition in the market. However, the 2X qualification is so far only available to companies and financial intermediaries who have received an investment from a current 2X Challenge member (DFI).
- There is significant demand for **an independent universally available 2X Certification mechanism** in order to move beyond self-assessments and be able to rely on third-party verification, assurance and certification.
- Having third-party certification partners will create more **transparency, accountability and credibility** in the global field of GLI.
- Third-party certifiers is the sustainable approach to widespread certification and adoption of 2X Certification as the standard.

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Profile of the certification partners

Required relevant expertise and technical skills for all certification partners

Partners will have experience in:

- (Impact) investment
- Certification mechanisms or assessments with action plans
- Due diligence
- Data collection, analysis and validation, benchmarking
- Reporting, impact management and measurement
- Relevant experience in sectors or geographies where they will certify (with the understanding that smaller, locally based partners will eventually come on board)
- Ability to train their own teams, based on train-the-trainer from 2X
- Familiarity with standard-setting, regulatory changes, etc.

Partners will generate a 'holistic' due diligence approach, with the following features (depending on level of certification sought):

- validation of documents, or indications of any concerns
- a rating report and spiderweb benchmarking,
- identification of strengths and gaps/areas of improvement, and
- a concrete action plan with measurable progress expected to keep up the 2X Certification status over the life of the fund / investment period

Partners certifying funds need:

- Experience working with funds on the investment thesis, GLI strategy, portfolio construction, value creation etc.
- Experience working with fund managers on adopting gender smart practices in recruitment, progression, promotion, and succession planning
- Experience working with funds that work with portfolio companies on value creation around the 2X criteria

Partners certifying companies need:

- Clarity on their specialty (e.g. geography, corporates versus moSMEs/startups, sectors)
- Experience working with large national or regional corporates
- Understanding of early-stage companies with nascent governance, and best practice at various stages of maturity
- Experience assessing risks in supply chains, human rights risks like GBVH and modern slavery and well as other ESG risks

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Approach to pricing

- General considerations
  - Benchmarking across other certification mechanisms (gender-specific and sustainability and impact investing ones)
  - Estimation of resources required to conduct thorough validation, etc.
  - Exploring the creation of packages, for example for investors who wish to certify many portfolio companies
- How it works
  - Initial vs. re-certification cost differences
  - Frequency of certification
  - Target audience specific considerations
    - Funds: small vs. large; # of investees
    - Companies: differentiating between corporates, SMEs, startups
- Overall model : Has been designed to support reaching breakeven at early scale (within a few years), and to sustain financial sustainability through growth when full scale is reached.

How does pricing resonate?
Are we missing any considerations?

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Suggested pricing

		Initial certification		Re-certification	
		Good	Advanced / Best-in-class	Good	Advanced / Best-in-class
SME and Startups		$499	$5,000	$499	$1,000
Corporate		$2,500	$15,000	$2,500	$5,000
Fund manager*	Fund manager level	$999	$12,000	$999	$3,000
	Portfolio level	Company pricing based on portfolio composition			

* For small/early-stage funds, discounts may be provided through 2X Ignite's shared services

Note: this pricing will only allow the certification mechanism to breakeven over time

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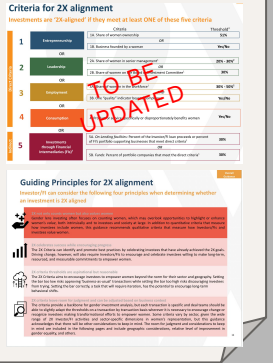
What are the key deliverables for the 2X Certification Methodology?

Updated 2X Criteria
Existing 2X Criteria to be codified for data validation & updated based on feedback from the field.

2X Criteria



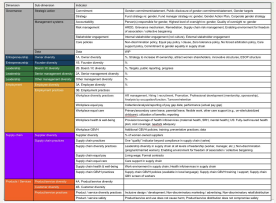
2X Certification
Full methodology to align with updated 2X Criteria and include a comprehensive gender assessment

Methodology Framework
"At a glance" visualisation including high-level methodology structure

2X Certification Methodology Framework

Detailed Methodology
Full methodology with indicator details (back-end)

Detailed 2X Certification Methodology



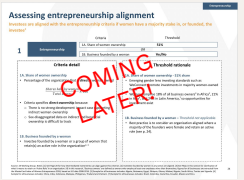
Scorecard
±2-page scorecard report

2X Certification Scorecard
Company <x>

Accomplishments:
<x>
Areas for improvement:
<x>
*NOTE: Varies by target audience

Reference Guide
Detailed guidance to support those seeking 2X Certification

2X Certification Reference Guide



2X Certification methodology: Key inputs

To develop the 2X Certification methodology, we have considered:

- Foundation & momentum of **2X Criteria & Guiding Principles** to date (e.g., criteria; Reference Guide; key learnings; practitioner perspectives)
- How gender has been addressed to date in **leading gender frameworks** / **initiatives**
- **Detailed gender indicators** used to date including ARISE and other process/technical standards
- **Impact metrics** (IRIS+/GIIN, HIPSO/IFIs; supported by our IMM market study)
- **Standards for standards setters**
- Feedback from **experts** (e.g., Co-creation workshops; 1:1 conversations; etc.)
- Feedback from potential **users** (e.g., direct users incl. funds and companies; indirect users incl. investors using for investees; current users of 2X Assess)

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Key inputs into the 2X Certification Methodology: Examples of existing resources & initiatives to align with

Leading gender frameworks / initiatives	• Gender assessment tools (e.g., WEPs Gender Gap Analysis Tool; WGEA Gender Equality Scorecard; Gender IDEAL; GenderROI; ICRW gender scoring tool) • GLI tools (e.g., GEM Framework, 2X Assess, ARISE process standards, GLI Toolkit for Fund Managers, Equality Fund GLI criteria, Adasina Social Capital #ForceTheIssue) • Company-level gender resources (e.g., Four for Women; Levi's Strauss & Co.: Improving Business Performance through Gender Equality)
Certification mechanisms	• EDGE Certification • B-Corp • UNDP Gender Equality Seal
Benchmarks / indices	• Equileap • Bloomberg Gender Equality Index • WBA Gender Benchmark • Arjuna Capital Racial & Gender Pay Scorecard
Impact measurement & management	• IRIS+ • HIPSO • …
Broader standard setting	• Standards setters (e.g., GRI, SASB) • Regulatory frameworks (e.g., CSRD, SFRD) • ESG data providers • Disclosure initiatives (e.g., WDI)

2X Certification methodology: Preliminary Design Principles

In developing the 2X Certification Methodology, the following design principles were identified to guide us:

- **Simple**
  Maintains the simplicity that 2X Criteria are known for without compromising on rigour.
- **Aligned**
  Complements existing and established gender efforts, from the original 2X Criteria to other leading gender frameworks, broader sustainability initiatives and impact measurement & management standards.
- **Inclusive**
  Builds on continued collaboration in the gender finance field to capture feedback from a broad and representative audience and accommodate the needs of a variety of audiences and uses cases across sectors and models of maturity (e.g., companies, funds, standard setters, feminist perspectives, financial institutions).
- **Credible**
  Offers an independent, impartial and reliable assessment based on data that is valid and verifiable. Reflects comprehensive and rigorous review by leading practitioners.
- **Accessible**
  Includes actions that are practical, precise and appropriately-costed.
- **Transformative**
  Intentionally encourages sustainable progress toward gender equality across the field. Invites continuous innovation and agility.

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Are the 2X Criteria clear and reasonably achievable?

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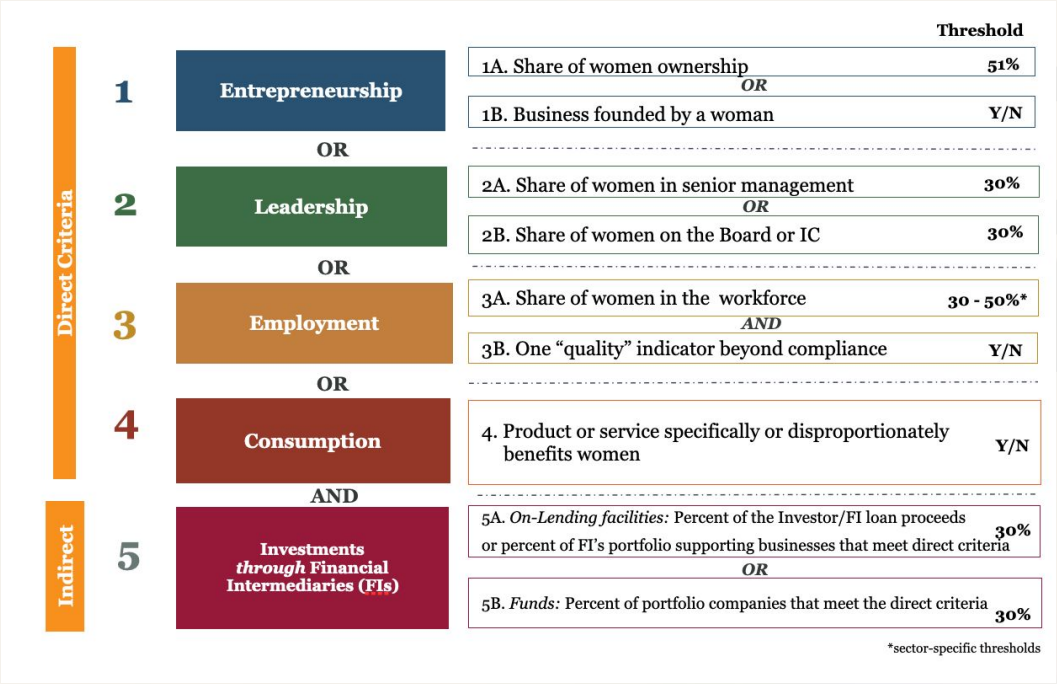
2X Certification is grounded in the 2X Criteria*, a global industry standard for gender lens investing (GLI)



The 2X Criteria* offer a simple way of assessing a company, fund or financial institution on gender. The Criteria allow 2X Global members to qualify investments for the 2X Challenge.

*These are the original 2X Criteria which are being updated alongside the 2X Certification work. Please see later slide with "Updated 2X Criteria" for latest version.

Proactive response to growing market demand to build on the 2X Criteria

"Our client, a local financial institution, is issuing a new gender-smart sustainability bond using the 2X Criteria. We need a 'second party opinion' from 2X that the 2X standard is correctly applied "
- Large investment bank

"In a country that's really lagging behind in its progress toward gender equity, our gender diversity work deserves more recognition."
- SME

"I'm committed to GLI and would like to get an external assessment on strengths and areas of improvement"
- Fund manager

"I'd like to encourage my portfolio companies to drive gender-smart actions across their full value chain."
- Public equities investor

"I'm actively using the 2X Criteria but nowadays everyone claims to be gender lens, so I need a peer benchmarking and third-party validation of my investees' gender-smart actions."
- Fund manager

"I'm actively fundraising for my start-up and want to attract more investors by highlighting the gender-smart actions that differentiate us from peers."
- Start-up

"I'm interested in driving impact in the care economy and would like to understand what 'good' looks like in this context."
- Impact investor

"My institution has a new target of 60% of portfolio companies 2X aligned. I need a mechanism to certify those portfolio companies for external credibility."
- DFI

Updated 2X Criteria

Meet basic 2X ESG and minimum Governance & Accountability (incl. safeguarding) requirements AND at least ONE of the five 2X Criteria + a target for at least ONE additional 2X Criterion

Codified

	Governance & Accountability	Gender commitment(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 (min. 50% founders + remain active role)	Yes/No
		OR	
2	Leadership	2A. Share of women in senior management	Varies[4]
		OR	
		2B. Share of women on the Board or Investment Committee	Varies[4]
		OR	
3	Employment[2]	3A. Share of women in the workforce	Varies[4]
		AND	
		3B. One "quality" indicator[3] beyond compliance	Yes/No
		OR	
4	Products / Services	4. Product or service specifically or disproportionately benefits women	Yes/No
		OR	
5	Supply Chain	5A. Share of women-owned suppliers (expressed in US$ spent)	30%
		OR	
		5B. Share of women in the supply chain workforce + "quality" employment indicator	Varies[4]

Portfolio[5]

5A. *Lending to FIs:* Percent of the investor loan proceeds or percent of FI's portfolio supporting businesses that meet the 2X Criteria	30%
5B. *Funds:* Percent of portfolio companies that meet the 2X Criteria	30%

For consistency

Explicit

Updated language

More explicit approach to 3B

Shifted framing

Variable thresholds

[1]Minimum requirements must be achieved for 2X eligibility which include basic (GBVH) safeguards.
[2]Does require no dissonance with the Leadership criterion, i.e. there should be at least some progress on women's representation in leadership.
[3]Includes diversity practices, pay equity, care support, health & well-being and GBVH (list provided).
[4]Thresholds vary based on context (sector, geography).
[5]For Funds and FIs, criteria need to be met at both the institutional and portfolio level (or target).

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Updated 2X Criteria: Variable thresholds

Considerations taken into account:

2A **Leadership** / Senior management

- Explicit definition(s) for senior management (e.g., occupation/function, decision-making authority, tenure)
- Minimum global threshold is 30%. There is further a sector-country intersection threshold which for some combinations is above 30%, based on the status quo.
- Example: Country X - Sector Y combination already today stands at 42% senior management representation, so our threshold is fixed at 45%. These thresholds are instantly calculated at the Equilo backend.

2B **Leadership** / Board or IC

- Minimum global threshold is 30%. There is further a sector-country intersection threshold which for some combinations is above 30%, based on the status quo.
- Example: Country X - Sector Y combination already today stands at 42% senior management representation, so our threshold is fixed at 45%. These thresholds are instantly calculated at the Equilo backend.

3A1 **Employment** / Direct

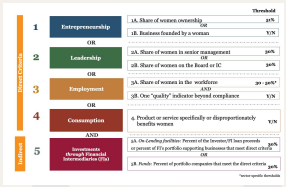
- Reflects IRIS+/HIPSO definitions which include permanently and temporarily contracted workers and calculate on an FTE basis
- Minimum global threshold is 25%. There is further a sector-country intersection threshold which for many combinations is a much higher %, based on the status quo.
- Example: Country X - Sector Y combination already today stands at 36% employee representation, so our threshold is fixed at 40%. These thresholds are instantly calculated at the Equilo backend.

3A2 **Employment** / Supply chain

- Eligible only if 3A1 (Employment Direct) thresholds met
- WIP: Exploring if variable thresholds should/can apply

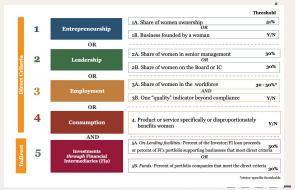
2X Certification offers an additional, more comprehensive gender assessment

2X Criteria offer a simple gender assessment of a company, fund or financial institution to determine if it qualifies for the 2X Challenge. It includes:



- Concise set of “Criteria”
- Predominant focus on diversity of representation
- Select metrics (% diversity, Y/N indicators)

2X Certification offers a comprehensive assessment that builds on the 2X Criteria, outlines higher levels of ambition and provides detailed information re: one’s current actions, strengths and areas for improvement. It includes:



- Basic 2X ESG and safeguarding measures
- Comprehensive set of “Dimensions” across the full value chain
- Robust set of core gender “Themes”
- All types of indicators
- Context-specific performance levels compared to relevant (sector-/geography-specific) benchmarks

2X Certification assesses a comprehensive set of Dimensions and Themes

Beyond assessing basic 2X ESG and safeguarding measures, 2X Certification will assess a full range of gender actions - across inputs, outputs, outcomes and ultimately impact - for a core set of “Dimensions” and “Themes.”

Dimensions

Dimensions represent the operational elements across the full value chain where the breadth and depth of gender-smart actions must be considered. While some may drive gender equity through an operational focus in the workplace or supply chain, others focus on what product/service is delivered to market to meet a gender-specific need. These align with and build on the 2X Criteria.

- Governance & Accountability
- Entrepreneurship & Ownership
- Leadership
- Employment
- Supply chain
- Products / Services

Themes

Themes represent a robust set of core gender issues that remain a systemic challenge but for which the private sector can take gender-smart actions across their full value chains. Some may address multiple themes in the workplace context, while others focus on driving deep impact in a specific theme. These align with leading gender frameworks and initiatives in the field.

- Justice, Equity, Diversity & Inclusion (JEDI)
- Pay
- Care
- Health & Well-being
- GBVH
- Climate

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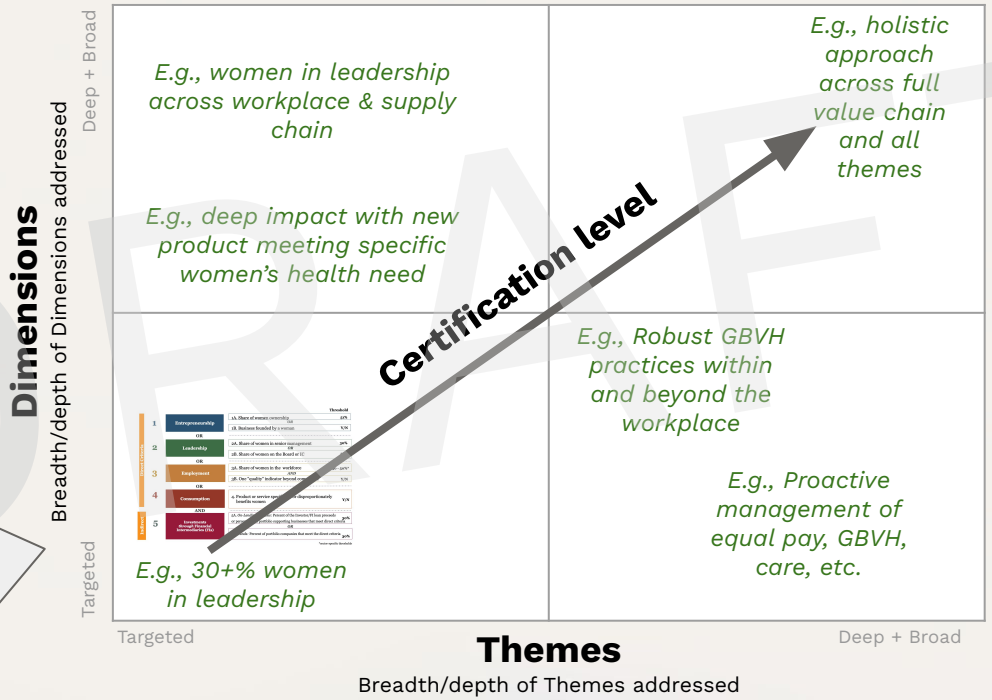
2X Certification outlines what “good - better - best” (and beyond) looks like and certifies based on this

The minimum level certification ensures basic 2X ESG and governance measures (safeguarding, intentionality) are in place AND the minimum requirement(s) for at least one Dimension are met. This is also what’s needed to qualify for the 2X Challenge.



Higher levels of certification can be achieved as the quantity and/or quality of gender actions taken across Dimensions and/or Themes evolves

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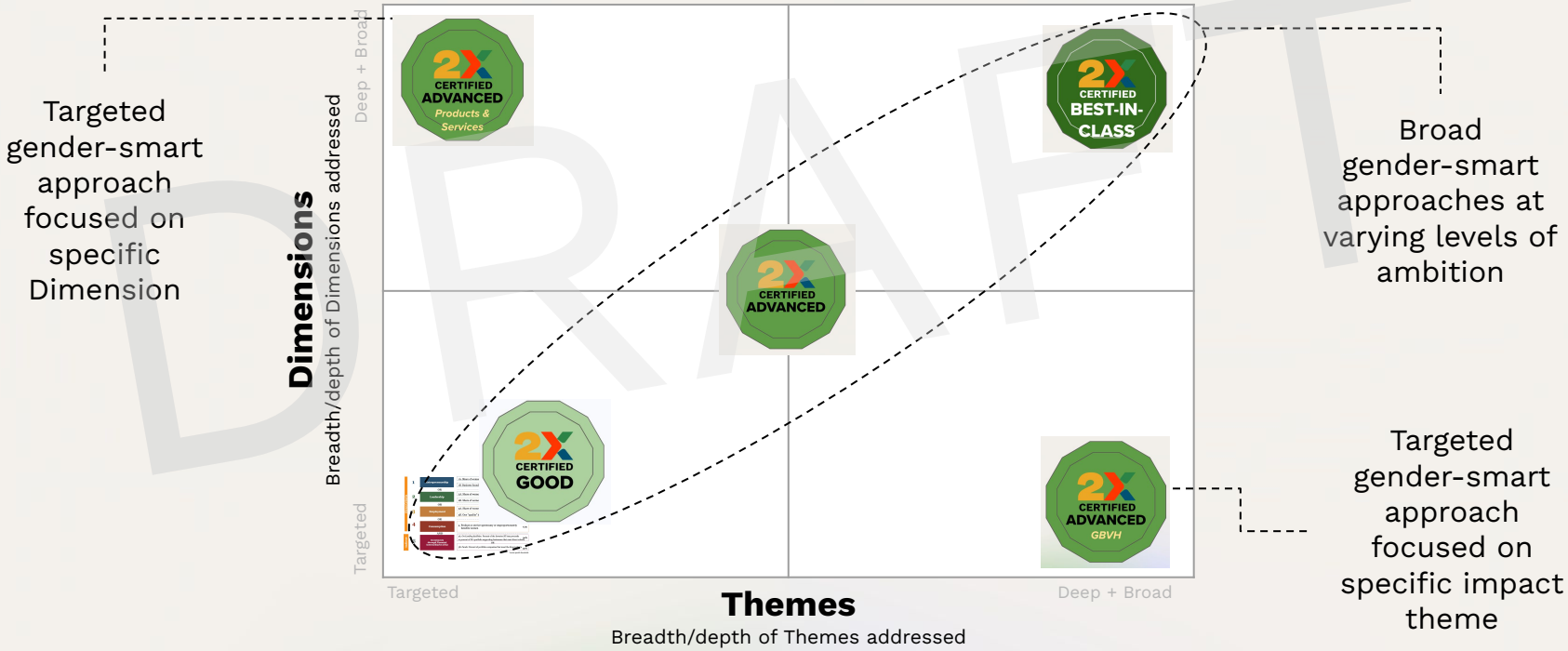
2X Certification rewards both broad and targeted gender-smart approaches



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From 2X Criteria to 2X Certification

The 2X Certification Methodology Framework includes a core set of Dimensions and Themes that build on the 2X Criteria and offer a comprehensive gender assessment.

	Original 2X Criteria	Updated 2X Criteria	2X Certification	Key developments
Dimensions	Governance	Governance & Accountability	Governance & Accountability	Codified & made explicit. Captures basic GBVH safeguarding.
	Entrepreneurship	Entrepreneurship & Ownership	Entrepreneurship & Ownership	Explicit mention of Ownership which was previously covered under Entrepreneurship. Looks beyond % women to consider specific actions in place to improve diversity
	Leadership	Leadership	Leadership	More robust assessment of leadership at all levels including intersectionality and frequency/quality/disclosure/management of performance
	Employment	Employment (Direct & Supply Chain)	Employment	More robust assessment of workforce diversity including intersectionality and frequency/quality/disclosure/management of performance. Deeper assessment of core gender themes.
			Supply Chain	Explicit elevation of Supply chain as its own Dimension with deep assessment of core gender themes in this context
	Consumption	Products / services	Products / services	Assessment of whether product/service addresses critical unmet need. Deeper assessment of gender-smart actions across product/service lifecycle including design/development, marketing/advertising, distribution, etc.
Themes	Diversity	Diversity	Justice, Equity, Diversity & Inclusion (JEDI)	Expanded focus on share of women to broader (intersectional) approaches to diversity including justice, equity & inclusion and the gender-smart actions that drive this across the full value chain.
	One “quality” indicator	One “quality” indicator	Pay	Codified and made more explicit. Deeper assessment of each theme including the gender-smart actions that drive each across the full value chain.
			Care	
			Health & well-being	
			GBVH	
			Climate	Added to further codify the gender/climate nexus and clarify expectations.

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Contents

- WHY: Relevant context for 2X Certification development
- WHEN: Timeline for 2X Certification development
- **HOW: Key components of 2X Certification**
  - Governance
  - **2X Certification Methodology**
    - Building on 2X Criteria Foundation
    - **2X Certification Methodology Framework**
    - 2X Certification Methodology Framework
  - Annex
    - Detailed Methodology & How 2X Certification Works
    - User experience

Does the 2X Certification Methodology Framework effectively visualize what 2X Certification captures, assesses and certifies?

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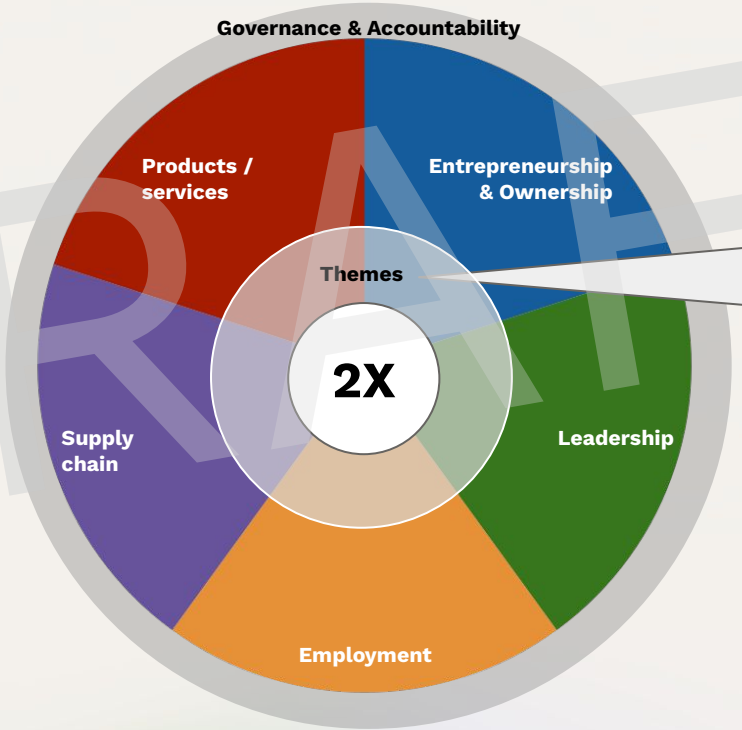
Draft 2X Certification Methodology Framework

The **2X Certification Methodology Framework** captures:

1. The spirit of **2X** at its core.
2. Core gender **Themes** where actions can be taken across the full value chain to drive impact
3. **Dimensions** that build on 2X Criteria and capture a full value chain approach
4. **Governance & Accountability** is explicit and integrated across Dimensions & Themes

Which framework do you prefer?



Core gender Themes that cut across all Dimensions including:

- Justice, Equity, Diversity & Inclusion (JEDI)
- Pay
- Care
- Health & well-being
- GBVH
- Climate

**For financial intermediaries, this framework applies to both (1) the financial intermediary itself and (2) its portfolio companies.*

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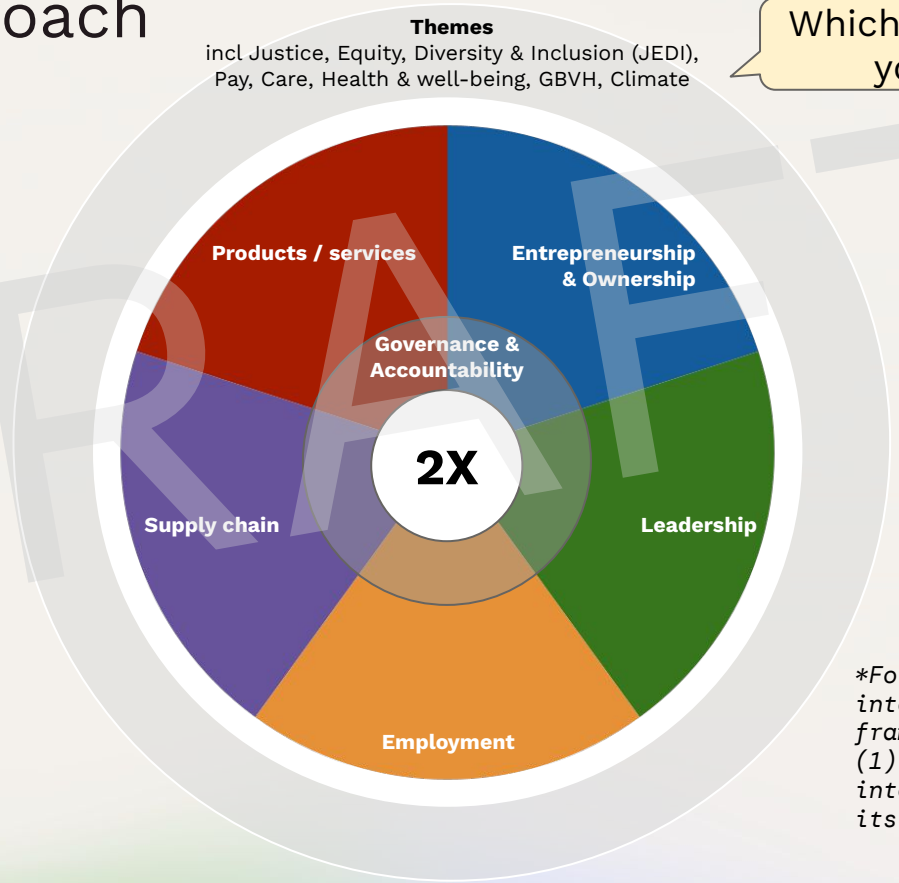
Draft 2X Certification Methodology Framework: Alternative approach

We are also considering an alternative approach that:

1. The spirit of **2X** at its core.
2. Considers **Governance & Accountability** at the core across all Dimensions and Themes (inner wheel)
3. Moves **Themes** to the outer wheel
4. Prominence of Themes details - embedded in wheel instead of call-out box



*For financial intermediaries, this framework applies to both (1) the financial intermediary itself and (2) its portfolio companies.

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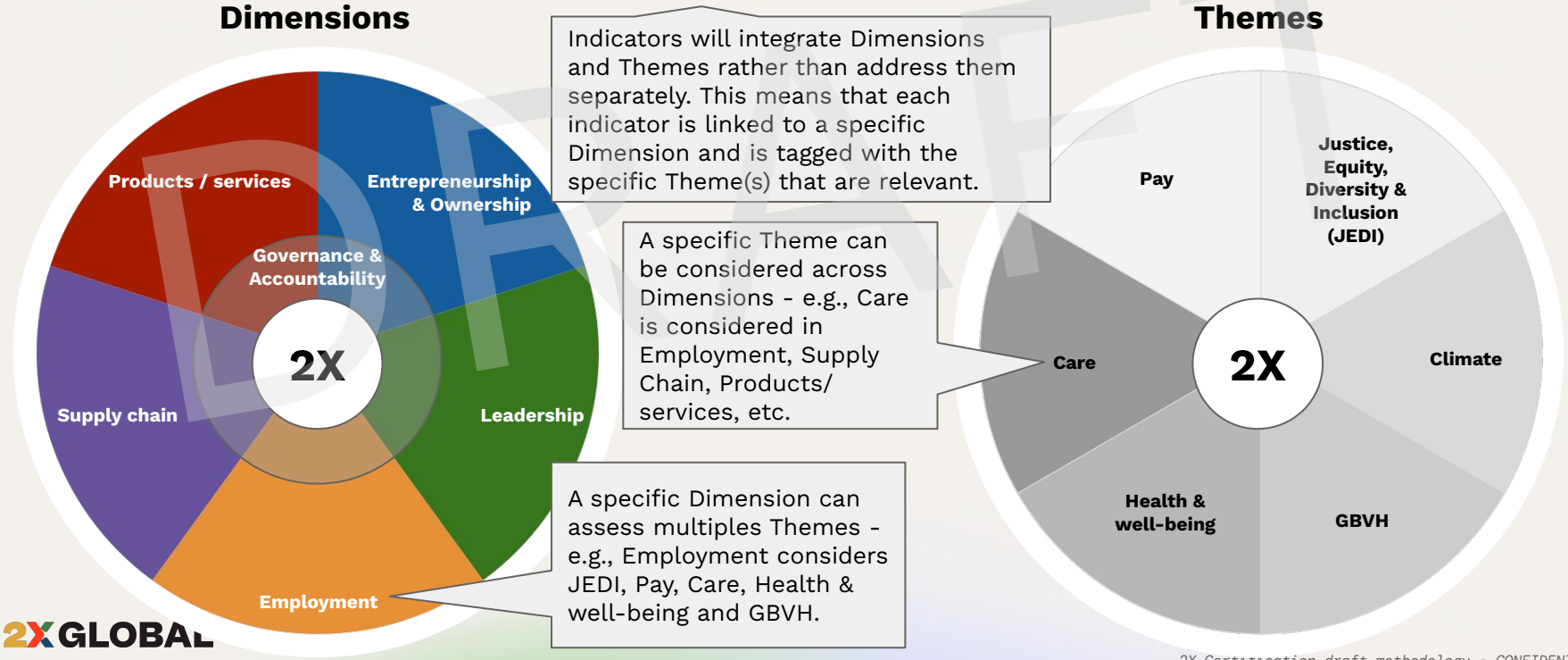
Draft 2X Certification Methodology Framework: How Dimensions & Themes work together

The 2X Certification methodology will comprehensively assess the breadth and depth of gender efforts across both “Dimensions” (parts of the full value chain) and “Themes” (core gender themes).



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Draft 2X Certification Methodology Framework: How Dimensions & Themes are measured

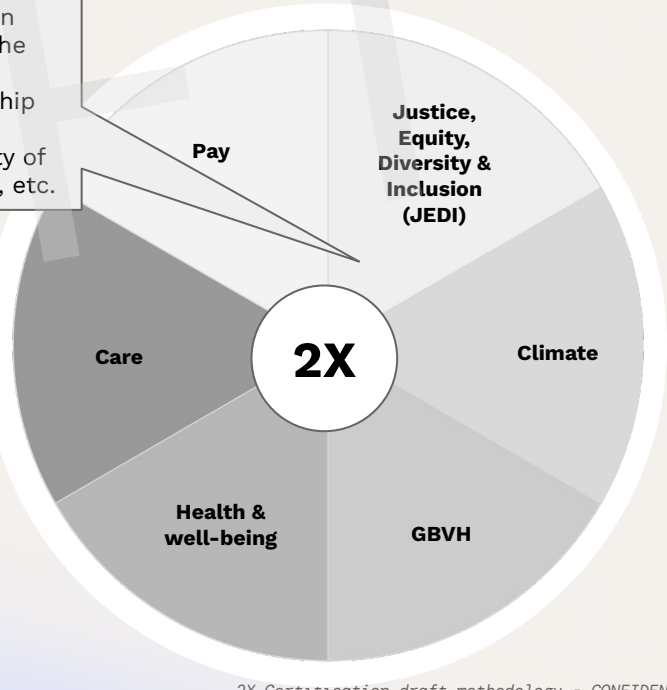
As an example of how Dimensions and Themes will be assessed, we can consider 2X Criteria 2A, the share of women in senior management. The same indicator will be captured in a Dimension score and a Theme score.

Dimensions

JEDI will be assessed across all aspects of the full value chain (Dimensions). This includes the **share of women in senior management** (in the Leadership Dimension), but also more broadly - e.g., gender diversity of owners, workforce, suppliers, etc.

The Leadership Dimension assesses (gender) diversity at all levels of workplace leadership, including the **share of women in senior management**. It also considers gender actions that drive improved leadership diversity.

Themes



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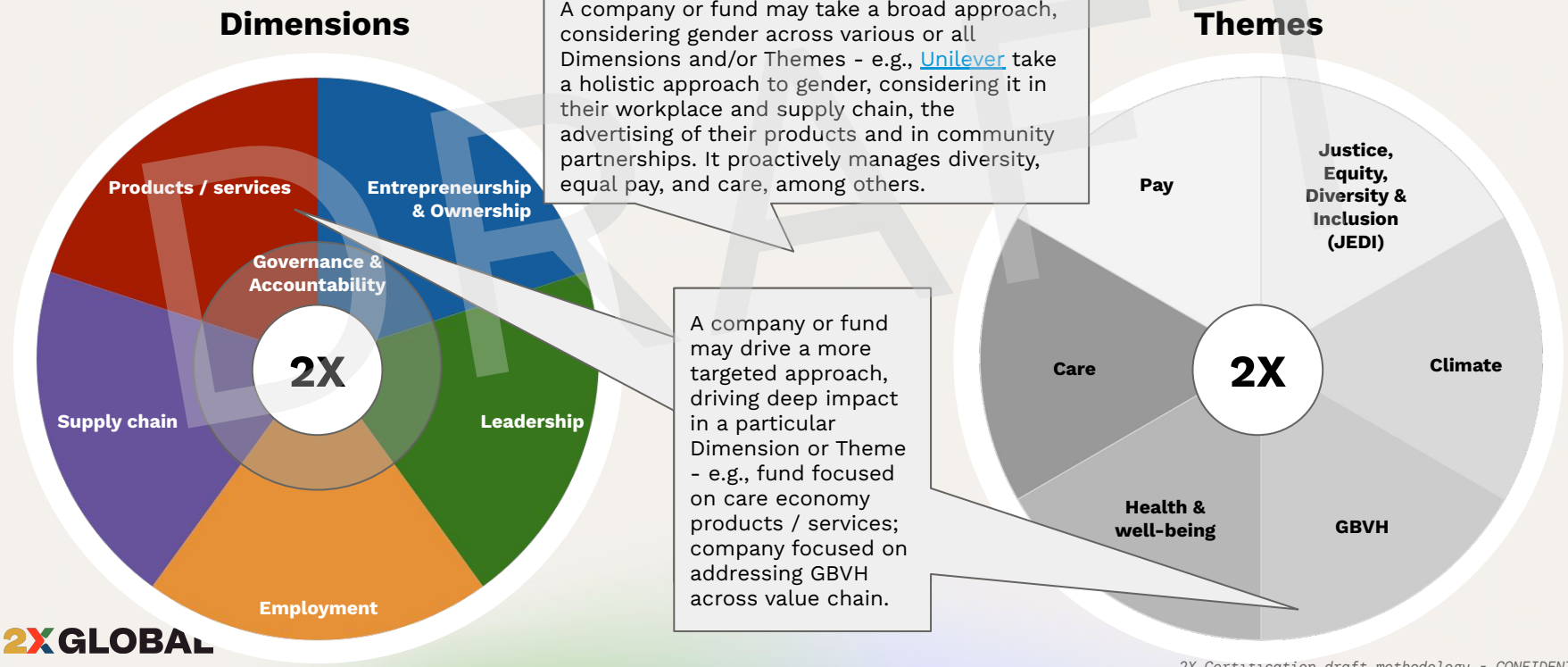
Draft 2X Certification Methodology Framework: Broad vs. Targeted approaches

An another example a company or fund can be 2X Certified based on the gender-smart approach they've chosen, which can vary.



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- WHY: Relevant context for 2X Certification development
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    - 2X Certification Methodology Framework
  - **Annex:**
    - **Detailed Methodology & How 2X Certification works**
    - User experience

Is the process for 2X Certification clear, reasonably achievable? Is there anything wrong/missing that should be addressed?

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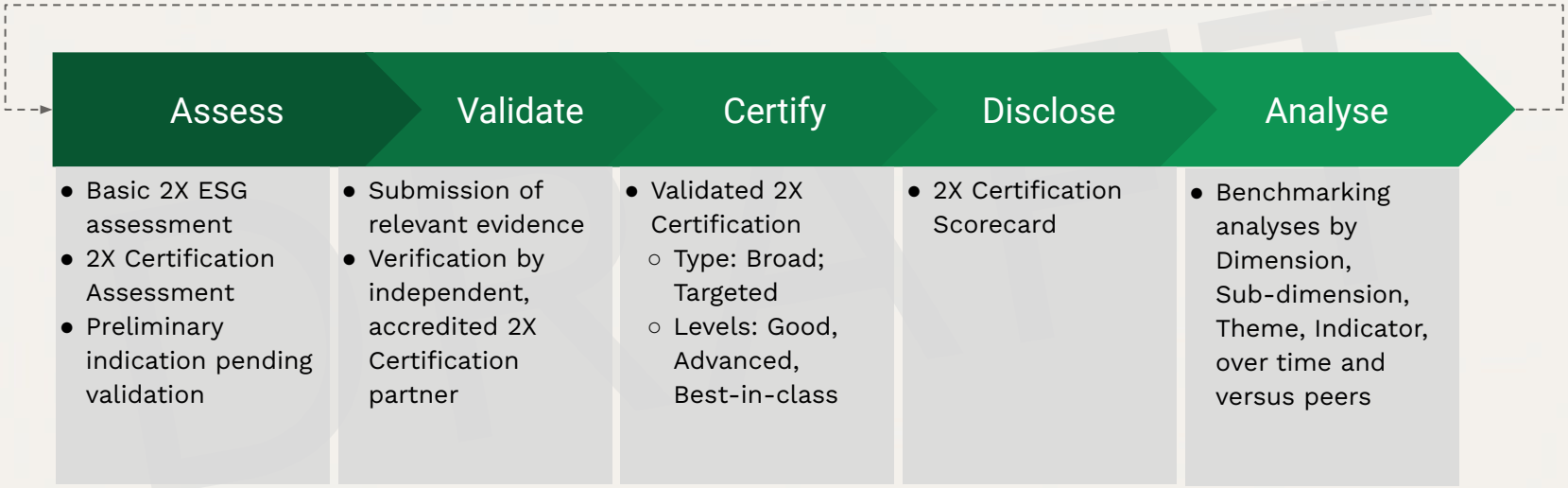
2X GLOBAL
Unlocking gender-smart capital at scale.

Annex: Detailed Methodology & How 2X Certification Works

How will 2X Certification work?

A company (start-up, SME, Corporate) or fund seeking 2X Certification must complete the following steps:



How will 2X Certification work?

Key considerations for each target audience include:

	Assess	Validate	Certify	Disclose	Analyse
Start-up / SME	• Limited resources / need for efficient assessment	• Accept information from existing tools (2X Assess; Gender ROI) to streamline process?	• Limited size / maturity of company likely to imply more limited gender-smart progress	• Intentionally gender-smart companies eager to share progress	• Peer benchmarking tailored to relevant peer groups • Data insights on impact of SMEs and early-stage companies, enables learning & targeted support
Corporate	• More extensive basic 2X ESG assessment • More complex assessment across full value chain	• Opportunities to align with existing gender tools	• Very limited evidence of “Best-in-class” currently • Targeted approach may invite further participation	• Possible sensitivities / hesitation to disclose • Growing demand for further gender disclosure from public equities investors	• Benchmarks likely to take time given need for sufficient critical mass
Fund	• Conducted at both fund manager and portfolio levels • Codification of “intentionality” • Interest in assessing impact more deeply	• Accept measurable, time-bound commitments	• Varied (GLI) investment strategies • Varied internal diversity progress • 2X Flagship Funds = Best-in-class level	• Intentionally gender-smart funds eager to share results and progress, especially when engaging with investors	• Keen interest from the field for greater differentiation among funds across the spectrum of Good, Advanced, Best-in-class

ASSESS: Overview of assessment

A company or fund seeking 2X Certification will be required to demonstrate basic 2X ESG, GBVH safeguarding and Governance & Accountability requirements. In addition, they will be assessed on the extent to which they address Dimension(s) and Theme(s) based on their broad or targeted approaches.

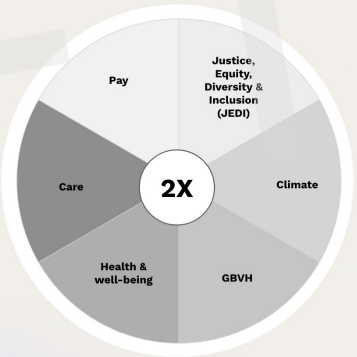
Basic 2X ESG assessment

2X Certification assessment

Governance & Accountability

Dimensions

Themes



- Exclusion list
- Commitment to respect human rights

- Commitment (1)
- Management systems (1)
- Basic GBVH safeguarding (1)
- Data (1)

1. Basic 2X ESG assessment AND

2. Basic governance measures (including GBVH safeguarding) AND

3. One of the following options (for companies):

- **"Good":** At least 1 threshold in one Dimension / Theme AND at least 1 (commitment to meeting) threshold for additional Dimension
- **"Advanced" (Broad):** Thresholds met for 2+ Dimensions
- **"Advanced" (Targeted):** "Spike" in 1 Dimension or Theme
- **"Best-in-class"**: Thresholds met across all/most Dimensions/Themes

*Funds will be assessed on the proportion of portfolio companies that meet these requirements by year <x>.

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ASSESS: All gender-smart actions (incl input, output, outcome and/or impact focused) will be assessed

2X Certification levels are determined by an aggregated assessment of what a company or fund is doing across all Dimensions & Themes. It considers a broad range of gender-smart actions including:

	Description	**Example(s)**
Commitment	High-level, generally forward-looking objectives / guidelines / “inputs” that signal a clear commitment to driving gender equity	• Gender policies - e.g., zero tolerance policy • Gender targets • Resources allocated to gender • Gender action plan
Implementation	Gender-responsive activities / “inputs” including practices, processes and systems undertaken to help achieve gender-specific objectives	• Gender-responsive human rights due diligence process • Inclusive hiring / promotion practices • Care-related benefits
Performance	Gender-disaggregated, immediate and typically quantifiable results / “outputs” that may have been driven by commitments and/or implementation activities and can be assessed against specific thresholds	• % women on Board / IC, in senior/other management positions • % gender pay gap • % women-owned/led suppliers
Outcomes	Meaningful, longer-term changes / benefits that follow from gender-specific efforts undertaken that improve the lives of people of all genders	• % leaders who report they have equal decision-making power/influence • % employees who report they feel safe at work • Average time saved by consumers due to use of product/service provided
Measurement & Reporting	Collection, analysis and/or public disclosure of gender-specific information with varied levels of depth, breadth, frequency and/or transparency	• Internal reporting of progress against gender targets at Board level • Public disclosure of gender pay gap • Internal communication of GBVH education/prevention efforts

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ASSESS:
2X Certification assessment / Dimensions

Dimension	Sub-dimension	Indicators
Entrepreneurship & Ownership	**Owner diversity (1A)**	• **Owner gender diversity** (Share of women owners, Strategy/practices to increase women's ownership)
	Founder diversity (1B)	• **Founder gender diversity** (Share of women founders)
Leadership	**Board / IC diversity (2B)**	• **Board/IC gender diversity** (Share of women on Board / IC. Targets, public reporting, progress)
	Senior management diversity (2A)	• **Senior management gender diversity** (Share of women in senior mgt. Frequency/quality of analysis (e.g., JEDI), public reporting, progress)
	Other management diversity	• **Other management gender diversity** (Share of women at other levels of mgt. Frequency/quality of analysis (e.g.,JEDI), public reporting, progress)
Employment	**Employee diversity (3A)**	• **Workforce gender diversity** (Share of women in workforce.Frequency/quality of performance analysis (e.g., JEDI), public reporting, progress)
	Workplace diversity practices (3B)	• **Workplace gender diversity practices** (HR management, Hiring / recruitment, Promotion, Professional development (mentorship, sponsorship), Analysis by occupation/function; Turnover/retention)
	Workplace equal pay (3B)	• **Workplace equal pay / practices** (Collection/analysis/reporting of pay gap data; performance & progress (actual pay gap))
	Workplace equal care (3B)	• **Workplace support for equal care** (Primary/secondary carer leave, parental leave, flexible work, other care support (e.g., on-site/subsidized child care); utilization of benefits; reporting)
	Workplace health & well-being (3B)	• **Workplace support for employee health & well-being** (Provision/coverage of gender-specific health info/services (maternal health, SRH, mental health); US: Fully-/self-insured health plan; cost coverage; network adequacy)
	Workplace GBVH (3B)	• **Workplace GBVH practices** (Additional GBVH policies;GBVH training; preventative practices; gender-disaggregated data)
Supply chain	**Supplier diversity (3B)**	• **Supplier gender diversity** (Share of women-owned suppliers)
	Supply chain diversity practices (3B)	• **Supply chain gender diversity practices** (Leadership diversity in supply chain at all levels of leadership (worker, manager, etc.); Non-discrimination (pregnant/married women)
	Supply chain equal pay (3B)	• **Supply chain pay practices** (Living wage; Formal contracts)
	Supply chain equal care (3B)	• **Supply chain support for equal care** (Primary/secondary carer leave, parental leave, flex work, other care support e.g.,on-site childcare)
	Supply chain health & well-being (3B)	• **Supply chain support for worker health & well-being** (Work environment in supply chain; gender-specific health info/services in supply chain)
	Supply chain GBVH practices (3B)	• **Supply chain GBVH practices** (Supply chain GBVH policies (available in local language); Supply chain GBVH training / support; etc.)
Products / Services	**Product/service diversity (4A)**	• **Gender-specific products/services**
	Customer diversity (4B)	• **Customer gender diversity**
	Product/service practices	• **Gender-inclusive product/service practices** (Inclusive design / development; Non-discriminatory marketing / advertising; Non-discriminatory retail/distribution)
	Product/service safety	• **Gender-specific product/service safety** (Product/service end use does not cause harm; Product/service distribution does not compromise safety)

This is a ("triple-click") summary of what will be assessed for each Dimension. A company or fund will only answer questions where they have information to provide.

2X GLOBAL

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ASSESS: 2X Certification assessment / Linking Indicators & Themes

Each Theme will cover a range of indicators across the full value chain.

Theme	Indicator examples
Justice, Equity, Diversity & Inclusion (JEDI)	• Governance & Accountability: Commitment(s), management system(s) and data re: JEDI; Inclusive culture • Entrepreneurship & Ownership / Leadership: Share of women (incl race/ethnicity intersection) among Founders, Owners, Board, IC, Senior management, Other management, workforce, Suppliers • Employment / Supply Chain: Workplace and supply chain diversity practices; Pay gap for women (incl race/ethnicity intersection) • Products / Services: Inclusive design / development; Non-discriminatory marketing / advertising; Non-discriminatory retail/distribution
Pay	• Governance & Accountability: Equal pay policy/clause • Employment: Collection/analysis/reporting of workplace gender pay gap data; performance & progress (actual pay gap). • Supply Chain: Living wage/income for women in supply chain; Formal contracts for women in supply chain
Care	• Governance & Accountability: Core care support policy • Employment: Workplace care benefits including primary/secondary carer leave, parental leave, flexible work, other care support (e.g., on-site/subsidized child care); utilization of benefits; reporting • Supply Chain: Supplier care benefits including primary/secondary carer leave, parental leave, flexible work, other care support (e.g., on-site/subsidized child care) • Products / Services: Gender-specific product(s)/service(s) that explicitly support care responsibilities
Health & Well-being	• Governance & Accountability: Core health & well-being policy • Employment: Provision/coverage of gender-specific health info/services (maternal health, SRH, mental health) to workforce; US nuances (e.g., fully-/self-insured health plan; cost coverage; network adequacy) • Employment / Supply Chain: Healthy work environment in workplace and supply chain • Supply Chain: Gender-specific health info/services in supply chain • Products / Services: Product/service end use does not cause harm • Products / Services: Gender-specific product(s)/service(s) that explicitly support women's health / well-being
GBVH	• Governance & Accountability: Zero tolerance policy; no forced arbitration • Employment: Additional workplace GBVH policies, training, preventative practices, gender-disaggregated data • Supply Chain: Supply chain GBVH policies (available in local language), training / support; etc. • Products / Services: Product/service distribution does not compromise safety • Products / Services: Gender-specific product(s)/service(s) that explicitly support women's safety
Climate	• Governance & Accountability: Existence/quality of climate policy that integrates gender lens; Data collection / monitoring / implementation of climate/gender policy; Public climate emergency declaration with gender lens

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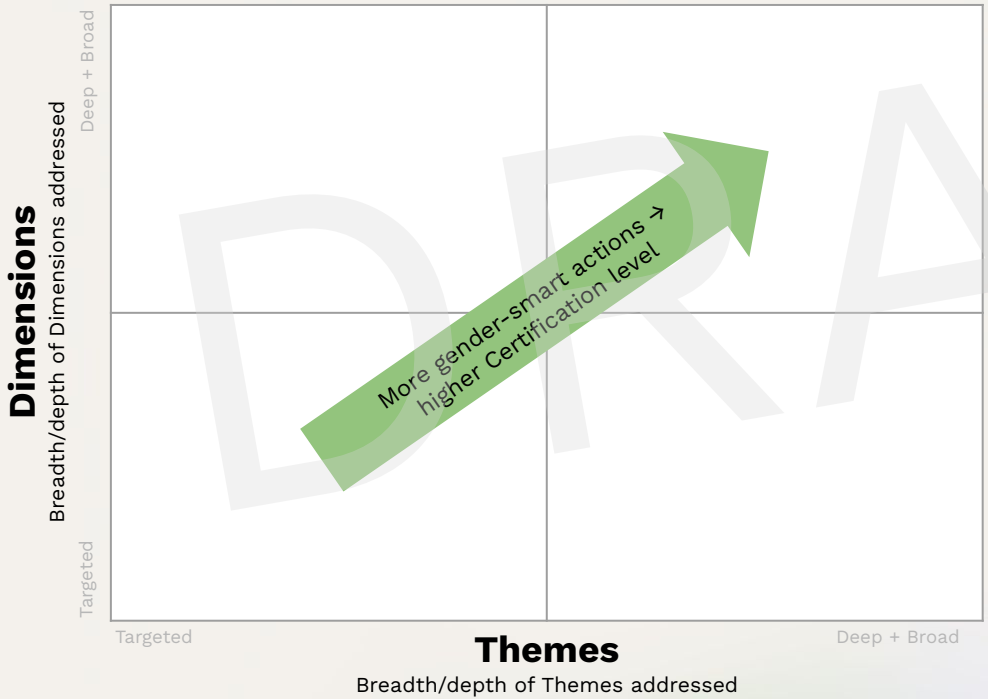
CERTIFY: 2X Certification levels are determined by an assessment of all verified gender-smart actions



Broadly speaking, the more gender-smart efforts a company or fund undertakes, the higher their Certification level. Higher Certification levels are associated with:

- **Greater depth of actions**
  E.g., beyond 'just' a gender policy and into gender-specific practices and processes
- **Greater breadth of actions across Dimensions and/or Themes**
  E.g., beyond Workplace and into Supply chain; beyond gender-balance representation and into GBVH, health, etc.
- **Higher performance levels**
  E.g., 30% vs. 50% share of women at <x> leadership level
- **Higher level of transparency**
  E.g., more public disclosure, at greater frequency, in greater detail
- **Stronger impact focus**
  E.g., measure deeper into outcomes or impacts and reflect on strength of impact metrics

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CERTIFY: Minimum Company requirements at Good level

Dimension	Sub-dimension	Indicators	# indicators required
Governance & Accountability	Commitment*	• Gender targets*	At least 1 (cannot be only public gender commitment)
		• Gender action items*	
		• Gender monitoring plan*	
		• Resource allocation to gender*	
		• Public gender commitment	
		• Gender strategy*	
	Management systems	• Accountability re: gender*	At least 1
		• Gender-responsive risk management*	
		• Stakeholder engagement re: gender*	
		• Core gender policies*	
		• Basic GBVH safeguarding requirement(s)	1
	Data	• Gender data*	1
Entrepreneurship & Ownership	Owner diversity (1A)	• Owner gender diversity	Threshold to be met for at least 1 Dimension /Theme + Commitment to 1 additional Dimension
	Founder diversity (1B)	• Founder gender diversity	
Leadership	Board / IC diversity (2B)	• Board/IC gender diversity	
	Senior management diversity (2A)	• Senior management gender diversity	
	Other management diversity	• Other management gender diversity	
Employment	Employee diversity (3A)	• Workforce gender diversity	
	Workplace diversity practices (3B)	• Workplace gender diversity practices	
	Workplace equal pay (3B)	• Workplace equal pay / practices	
	Workplace equal care (3B)	• Workplace support for equal care	
	Workplace health & well-being (3B)	• Workplace support for employee health & well-being	
	Workplace GBVH (3B)	• Workplace GBVH practices	
Supply chain	Supplier diversity (3B)	• Supplier gender diversity	
	Supply chain diversity practices (3B)	• Supply chain gender diversity practices	
	Supply chain equal pay (3B)	• Supply chain pay practices	
	Supply chain equal care (3B)	• Supply chain support for equal care	
	Supply chain health & well-being (3B)	• Supply chain support for worker health & well-being	
	Supply chain GBVH practices (3B)	• Supply chain GBVH practices	
Products / Services	Product/service diversity (4A)	• Gender-specific products/services	
	Customer diversity (4B)	• Customer gender diversity	
	Product/service practices	• Gender-inclusive product/service practices	
	Product/service safety	• Gender-specific product/service safety	
6 Dimensions	24 Sub-Dimensions	Total indicators:	9+

Basic 2X ESG assessment	
Exclusion list adherence	
Commitment to respecting human rights	
Total indicators	2

Total #:

*For smaller companies, commitment to address this indicator within 2 years / by the time of re-Certification is also accepted.

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CERTIFY: Minimum Fund requirements at Good level

As with 2X Flagship Funds under the 2X Challenge, some of this will be future time-bound targets

Does this capture the idea of "gender as a value driver along the investment cycle" or do we need to reframe/word the "indicator" descriptions to make them more specific to fund managers?

Fund Manager - level

Dimension	Sub-dimension	Indicators	# indicators required
Governance & Accountability	Commitment	• Gender targets*	At least 1 (cannot be only public gender commitment)
		• Gender action items*	
		• Gender monitoring plan*	
		• Resource allocation to gender*	
		• Public gender commitment	
		• Gender strategy (Fund gender lens investing strategy**)*	
	Management systems	• Accountability re: gender*	At least 1
		• Gender-responsive risk management*	
		• Stakeholder engagement re: gender*	
		• Core gender policies*	
		• Basic GBVH safeguarding requirement(s)	1
	Data	• Gender data*	1
Entrepreneurship & Ownership	Owner diversity (1A)	• Owner gender diversity (GP + Investment Advisor)	Threshold to be met for at least 1 Dimension /Theme + Commitment to 1 additional Dimension
Leadership	IC Diversity (2B)	• IC gender diversity	
	Senior management diversity (2A)	• Senior management gender diversity (Partners in investment role)	
	Other management diversity	• Other management gender diversity (Principals/VCs, future leadership)	
Employment	Employee diversity (3A)	• Workforce gender diversity	
	Workplace diversity practices (3B)	• Workplace gender diversity practices	
	Workplace equal pay (3B)	• Workplace equal pay / practices (incl. Carry allocation)	
	Workplace equal care (3B)	• Workplace support for equal care	
	Workplace health & well-being (3B)	• Workplace support for employee health & well-being	
	Workplace GBVH (3B)	• Workplace GBVH practices	

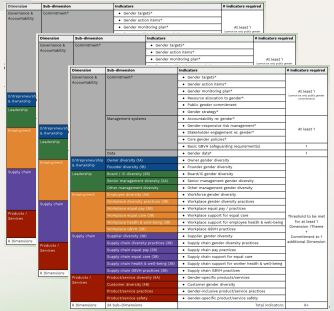
For higher tiers of certification, carry linked to gender outcomes

For higher tiers of certification, looking at LPAC composition

*Commitment to address this indicator within 2 years / by the time of re-Certification is also accepted.
**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. At minimum, this indicator requires a description of how gender is embedded into the investment cycle.

Portfolio (company) - level

Annual Reporting, Recertification every 2 years



Portfolio level assessment	Good
	At least 30% of portfolio companies must be at least "Good" level certified by year <x>.

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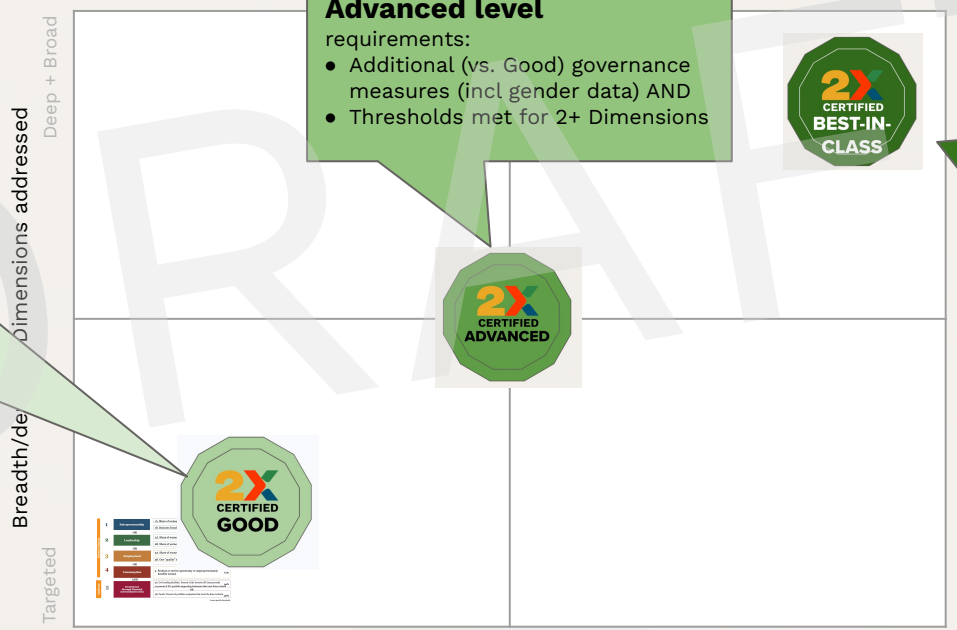
CERTIFY: 2X Certification encourages companies to continuously improve across Dimensions / Themes

Good level
requirements*:
- Basic 2X ESG, safeguarding & governance AND
- At least 1 threshold in 1 Dimension / Theme AND
- (Commitment to meeting) at least 1 threshold for an additional Dimension

*Also necessary for qualification for 2X Challenge

Advanced level
requirements:
- Additional (vs. Good) governance measures (incl gender data) AND
- Thresholds met for 2+ Dimensions

Best-in-class level
requirements:
- Additional (vs. Good) governance measures (incl gender data) AND
- Thresholds met across all / most Dimension(s) / Themes



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CERTIFY: Each Dimension and Theme will be scored

Regardless of which 2X Certification level that a company or fund receives, they will be scored on each Dimension and Theme to help them understand their strengths and areas for improvement. Guidance will be offered accordingly, especially by identifying “low-hanging fruit” where they can drive further progress.

Governance & Accountability

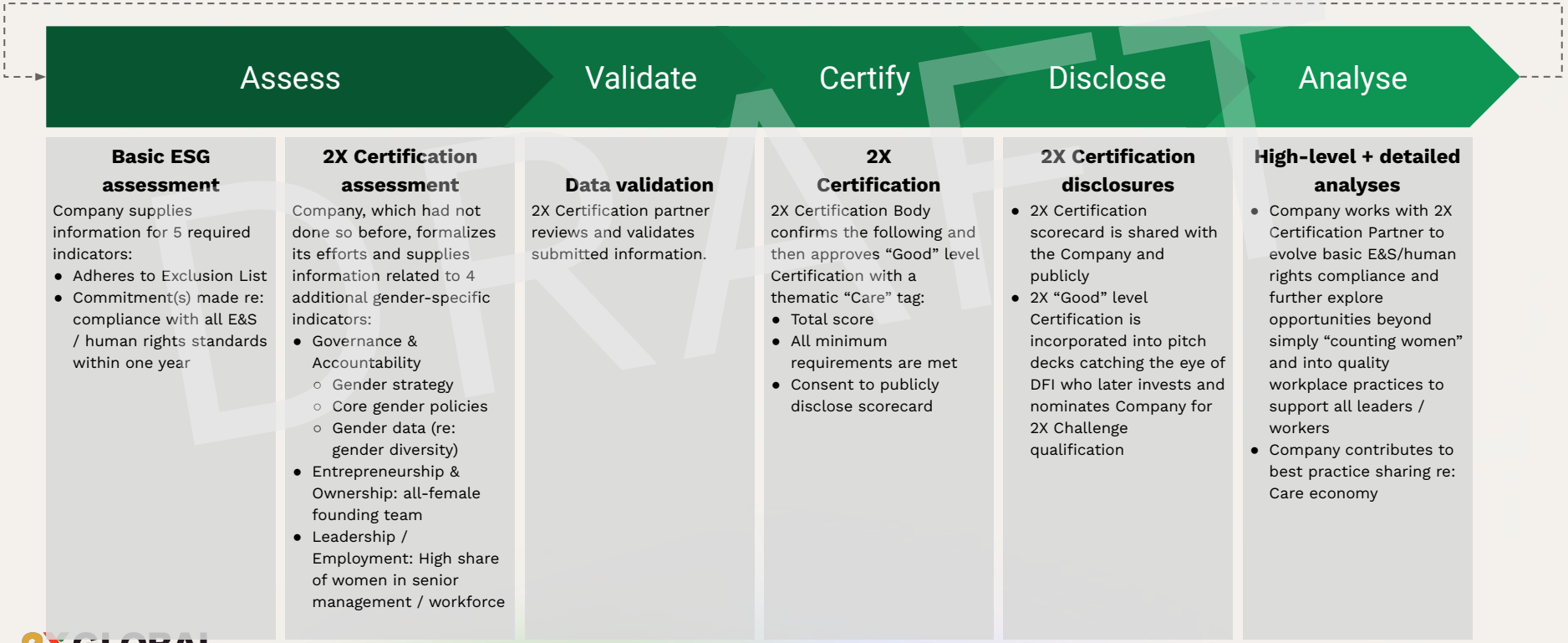
Dimensions

Themes

Each Dimension / Theme will receive a score for up to 100% based on the depth of gender-smart actions being taken.

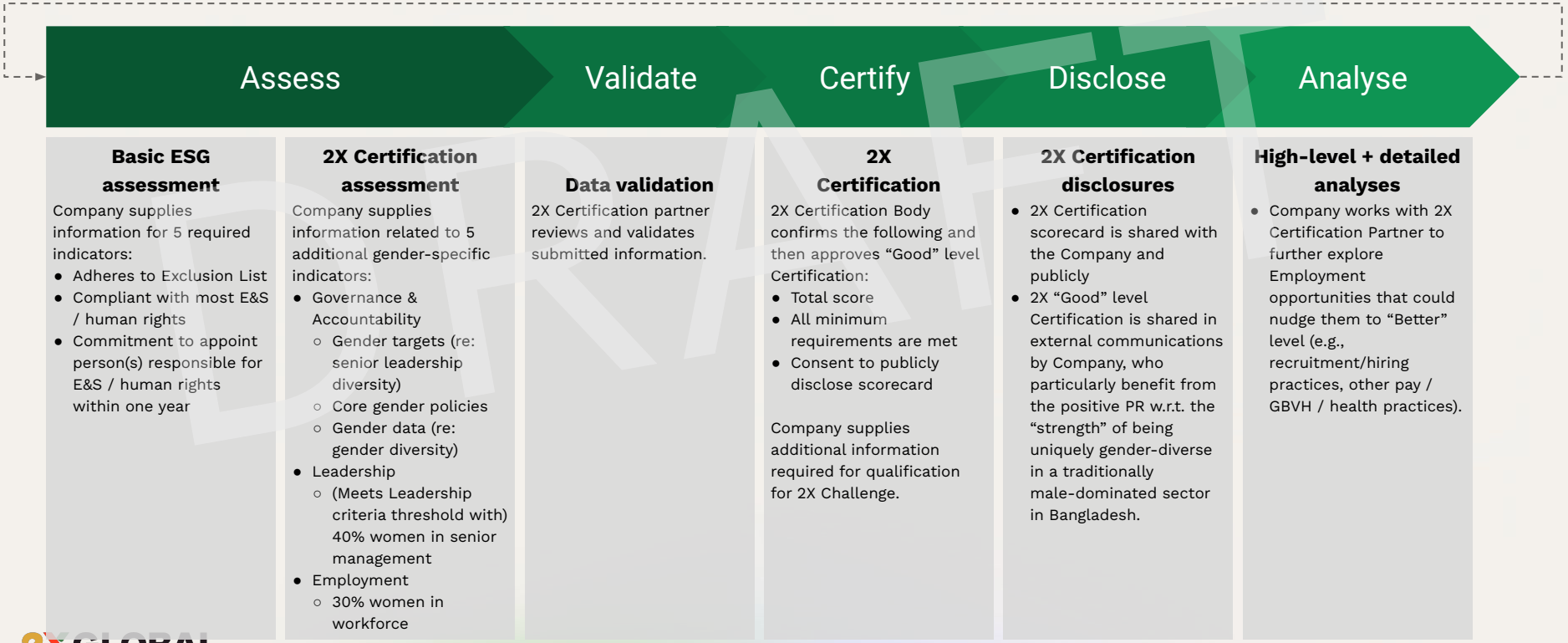
Bringing it all together: Start-up

Start-up in Colombia in Tech sector (digital platform providing household- and child-care services) seeking 2X Certification to support ongoing fundraising efforts.



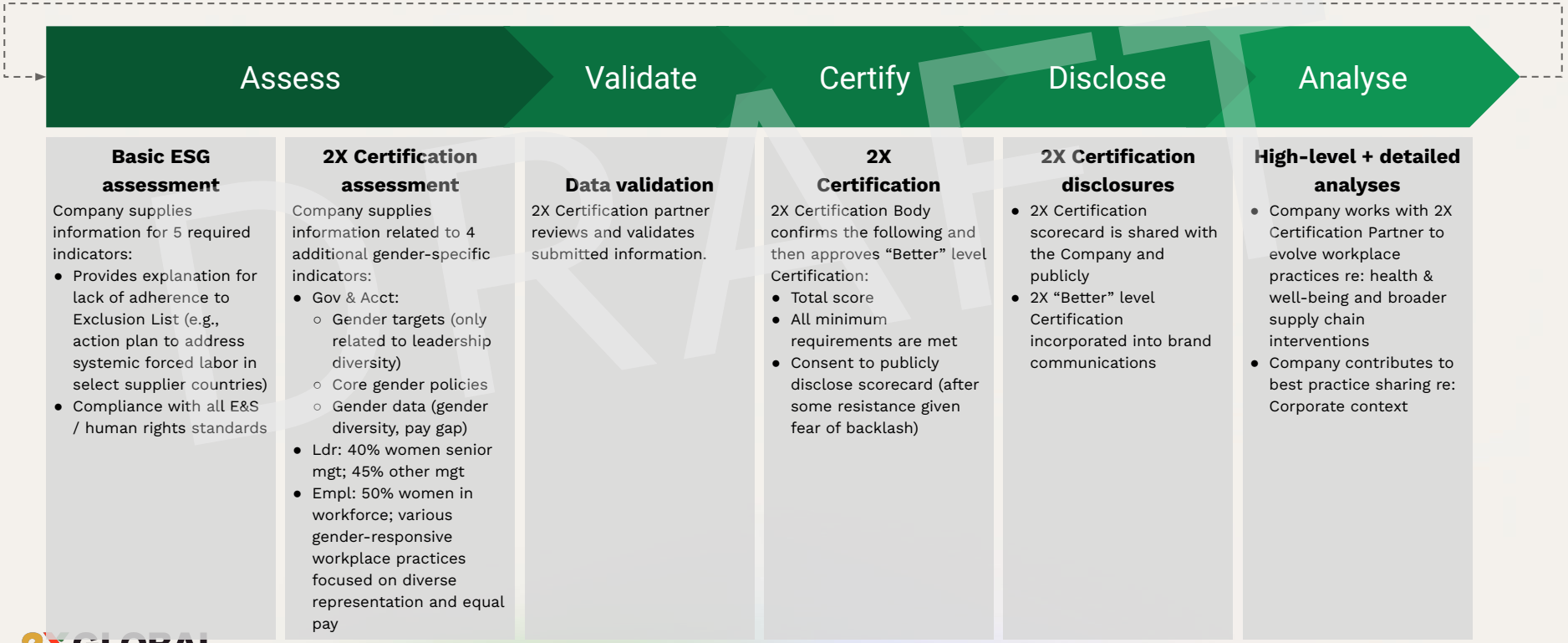
Bringing it all together: SME

SME in Bangladesh in Manufacturing sector, also nominated by a DFI / 2X Global member for 2X Challenge qualification



Bringing it all together: Corporate

Large multinational corporation headquartered in U.S. but with global operations in the apparel sector seeking 2X Certification to elevate public reputation and support recruitment efforts.



Bringing it all together: Flagship Fund

Pan-African Fund seeking 2X Certification to position itself as a 2X Flagship Fund in the market

Basic ESG assessment

Fund supplies information for 5 required indicators:

- Adherence to Exclusion List (embedded in its own ESMS)
- Compliance with all E&S / human rights standards
- Optional highlight: PRI signatory

2X Certification assessment

Fund supplies information related to X additional gender-specific indicators:

- Gov & Acct:
  - 9/11 indicators are met
  - Future commitment for the remaining 2: gender-responsive risk mgmt & stakeholder engagement re gender
- 30% women on IC and as Partners with investment decision-making responsibility; future commitment to increase further
- Meets all min. requirements of employment; future commitment enhance GBVH and care policies
- Agrees to at least 50% of portfolio companies must be at least “Good” level certified 4 years after investment

Data validation

2X Certification partner reviews and validates submitted information.

2X Certification

2X Certification Body confirms the following and then approves “Best” level Certification:

- Total score
- All minimum requirements are met
- Consent to publicly disclose scorecard

2X Certification disclosures

- 2X Certification scorecard is shared with the Fund Manager and publicly
- 2X Flagship Fund Certification incorporated into brand communications

High-level + detailed analyses

- Fund engages with other fund managers in the 2X community for a practitioner exchange on best practices related to workplace care support policies as well as enhanced GBVH policies.
- Fund manager explores the opportunity to link carry to gender outcomes validated by 2X Certification

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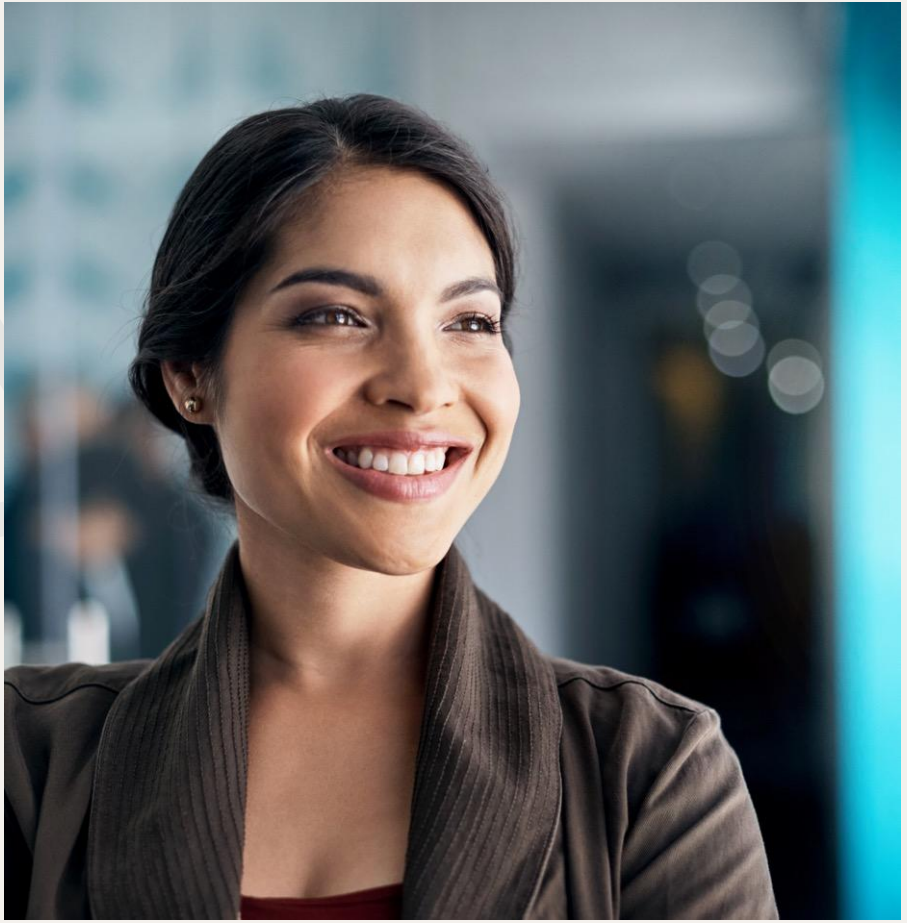
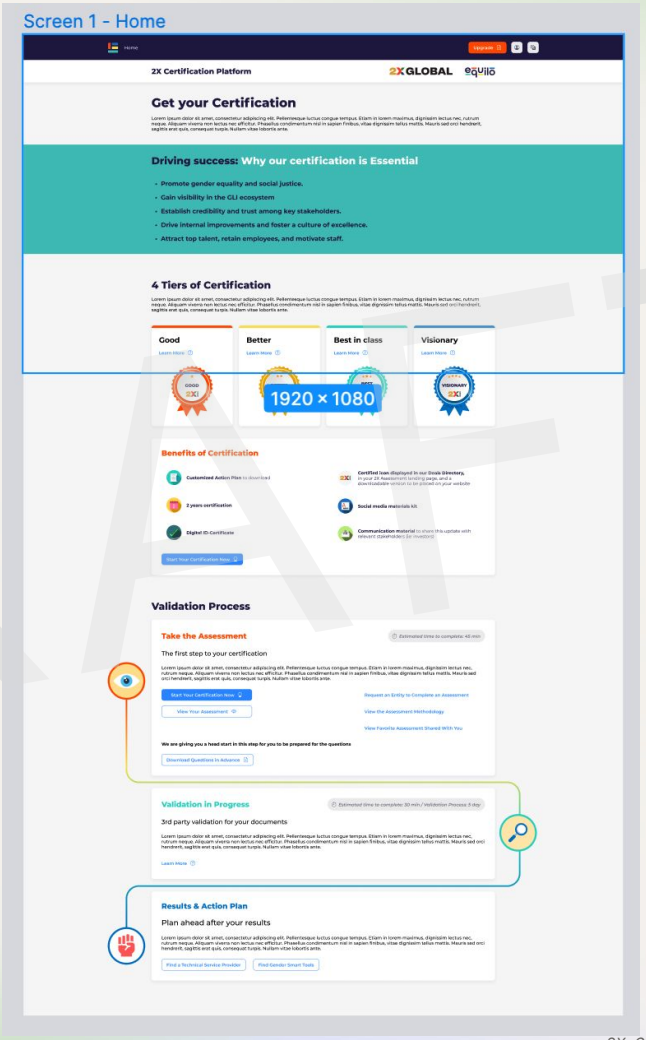
Annex: User experience



2X Certification: User journey



ILLUSTRATIVE

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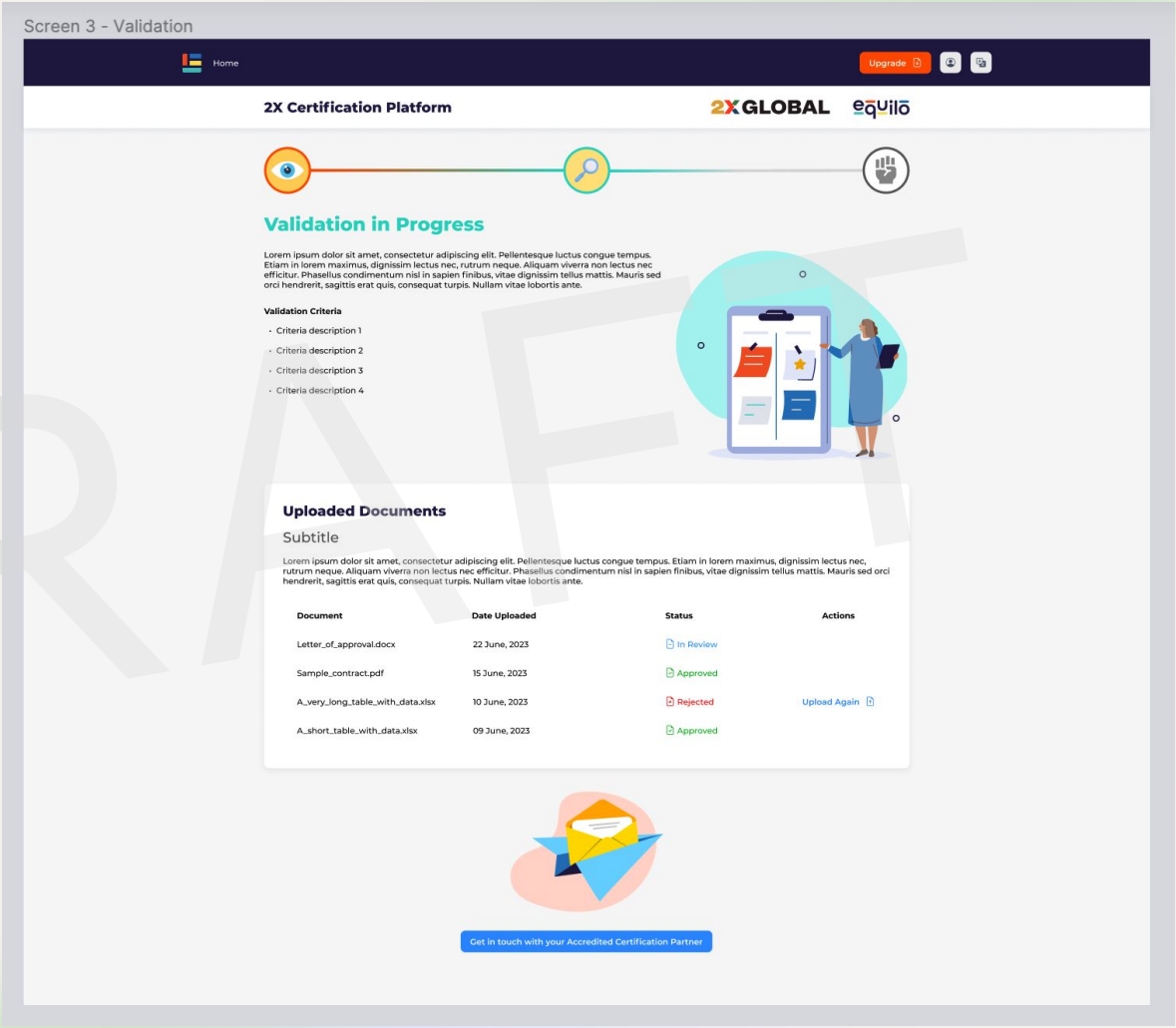
2X Certification: User journey

Accredited 2X Certification partners will manage the validation process while the 2X Certification Body will ultimately approve a given Certification level.

ILLUSTRATIVE



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2X Certification: User journey

2X Certification Scorecard (standalone report) will be made publicly available, while detailed scores and suggested way(s) forward are proprietary to the company / fund on this platform. Here, they can explore their progress in greater depth.

ILLUSTRATIVE

For funds: Portfolio view of 1) list of investee companies with name (unless exceptional circumstances), sector, country, and 2) 2X-certified portfolio companies' score and (cross-reference from the company-level report)

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