
DWM Gender Lens Investing Approach



Gender Lens Investing at Developing World Markets



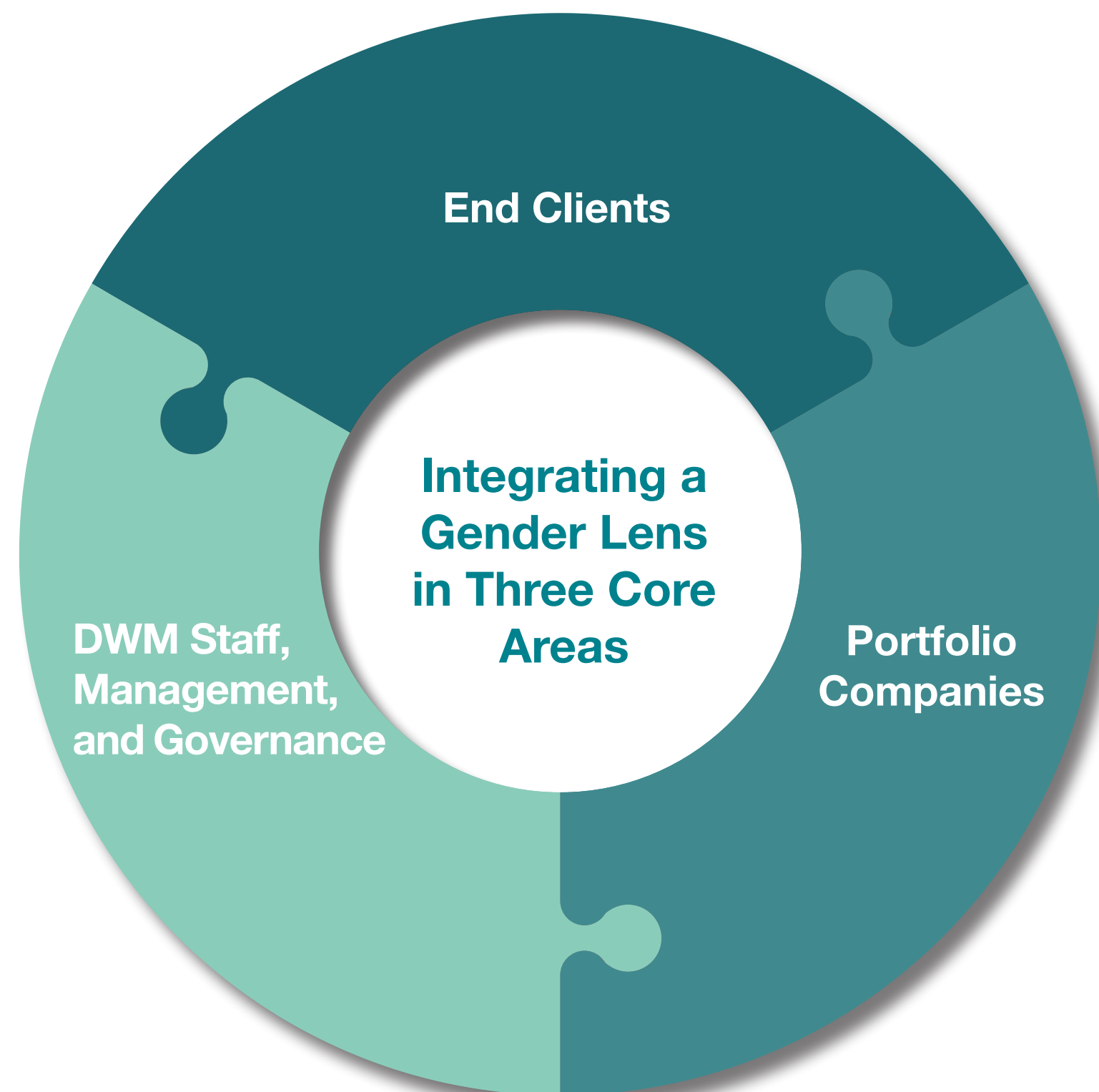
Advancing gender equity is embedded in DWM's core impact goal of expanding access to financial services for underserved populations in emerging markets. Women in these contexts typically face higher structural and norm-related barriers than men in accessing various services through mainstream financial institutions. In low and middle-income countries, there is still a 3 percentage point gender gap in borrowing from a formal financial institution and a 5.7 percentage point gap in account ownership (2021 Findex). DWM's portfolio companies address the continued disparity by serving primarily poor and low-income women end clients.

DWM considers multiple dimensions of how our investees and our own operations can contribute to gender equity:

- At the client level, strong policies and staff capacity are needed to avoid gender-based discrimination in client outreach, credit assessment and servicing.
- Product and channel development need to address gender-based constraints and norms.
- At the company level, DWM advocates for gender balance across staff (numbers and pay), management, and board participation. Gender-inclusive workplace policies and programs are also critical to increasing greater participation by women in the financial services industry.

Aspects of DWM's Gender Lens Approach

DWM takes a holistic approach to advancing gender equity through analysis and targeted improvement in key areas related to DWM as a firm, its portfolio companies, and their clients. DWM actively engages with portfolio companies to seek improvements in the areas tracked.



End Clients

- Expanding access to services for women and women-owned/led businesses
- Products and services tailored to women
- Use of sex-disaggregated data to analyze outreach and product usage
- Provision of non-financial services that target particular barriers for women (e.g., financial literacy training, entrepreneurship support)

Portfolio Companies

- Gender breakdown of staff, management team, and board
- Gender-inclusive workplace policies and programs*
- Gender pay gap analysis
- Anti-sexual harassment policy and employee grievance redress mechanism

DWM Staff, Management, and Governance

- Gender balance of staff and management team
- Gender-inclusive workplace policies and programs*
- Gender pay gap analysis
- Gender balance in credit and investment committee composition

*Gender-inclusive workplace policies and programs include parental leave, on-site childcare, lactation accommodation, support for women's career advancement, tracking sex-disaggregated data in recruitment and retention, targets for gender diversity in hiring, and unconscious bias training.

2023 Results for DWM and Its Investments



End Clients

- In 2023, 69% of end clients of DWM portfolio companies were women
- 49% of companies served majority women clients
- 48% of portfolio companies offered tailored products and services designed for women



Portfolio Companies

- 70% of portfolio companies have more than 40% women staff, and 85% had some form of gender-inclusive workplace policy or benefit in place (57% have both)
- 61% have more than 30% women in senior management
- 29% have more than 30% women on their boards



DWM

- 39% of staff are women
- 24% of senior managers are women (Partners and Managing Directors), and 30% of senior professionals (Partners, Managing Directors, and Directors)
- 50% of Credit Committee members are women

Gender, Power, and Process

For companies with the interest and capacity to explore gendered norms and power dynamics in their business processes at a deeper level, DWM has developed the “Gender, Power, and Process” assessment tool in partnership with Criterion Institute. DWM identified three of the seven power dynamics from Criterion’s existing framework that are most relevant in financial inclusion.

The tool analyzes consideration of these three dynamics these across four core business processes within portfolio companies. The result is a score and set of recommendations for areas to strengthen.

See the full tool on [our website](#).

Three power dynamics:

Access: One party (typically the financial institution) determines who is seen as worthy of capital and resources

Alignment/Incentives: What is valued and which stakeholders are provided incentives to fulfill which objectives

Decision Making: Structures should be representative to ensure that power is shared across stakeholders

Assessed across four core business areas:

Product and Channel Design

Whether gender and power dynamics are considered in product development and the distribution channels used to disseminate them.

Loan Origination

Whether client outreach and intake processes recognize bias or mitigate/perpetuate socially exclusive practices

Credit Assessment and Servicing

How portfolio companies evaluate the eligibility of clients and how they service loans once they’ve been made

Governance

Processes of hiring, retention, and oversight of related policies and procedures

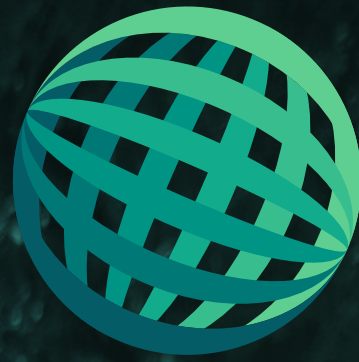
Alignment with 2X Challenge Financing for Women Criteria

DWM as an organization meets 4 out of the 5 applicable criteria, and DWM’s 2023 portfolio meets 3 out of 4. Per the 2X Challenge, meeting one criterion makes an investment 2X eligible.

			Threshold	DWM 2023	Share of 2023 Portfolio Companies Aligned
Direct Criteria	1 Entrepreneurship	1A. Share of women ownership	51%	10%	Data not available
		OR			
		1B. Business founded by a woman	Y/N	Yes*	
	2 Leadership	2A. Share of women in senior management	30%	24%	61%
OR					
		2B. Share of women on the Board or Investment Committee	30%	50%	29%
3 Employment	3A. Share of women in the workforce	40%	40%	57%	
	AND				
		3B. One “quality” indicator beyond compliance	Y/N	Yes	
4 Consumption	4. Product or service specifically or disproportionately benefits women		Y/N	Yes	48%
Indirect Criteria	5 Investments through Financial Intermediaries (FIs)	5A. On-Lending facilities: Percent of the Investor/FI loan proceeds or percent of FI’s portfolio supporting businesses that meet direct criteria	30%	N/A	N/A
		OR			
		5B. Funds: Percent of portfolio companies that meet the direct criteria	30%	Yes	

2X Challenge Criteria: <https://www.2xchallenge.org/criteria>

*Co-founder retired in 2015



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