



SUSTAINABLE INVESTMENT



GENDER EQUALITY

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EDITORIAL



Dieter Aigner

Managing Director of Raiffeisen KAG,
responsible for fund management
and sustainability

Dear Readers,

“Achieve gender equality and empower all women and girls” is what is written for goal 5 of the Sustainable Development Goals (SDGs) of the United Nations. This demand also includes sub-targets which concern discrimination, violence, child marriage, economic exploitation, equal opportunities, health care, and access to economic resources.

It is alarming and shameful at the same time: No country in the world has succeeded in achieving gender equality thus far – and we already find ourselves in the third decade of the 21st century. While a relatively great deal has been achieved in combatting gender-specific

inequalities in the European Union thanks to solid gender equality guidelines and corresponding court rulings, women in other parts of the world, such as in the southern hemisphere, are still very far from being treated equally. Yet both here and there, despite being at different levels, the COVID-19 pandemic brought about further setbacks and once again increased the challenges that women and girls around the world are faced with. Overlapping crises – the pandemic, economic crisis, childcare crisis, and various wars around the globe – are making it quite difficult for people to turn the desire for a self-determined life as equals into reality.

It is time to eliminate system-related obstacles and gender-specific discrimination, which has existed for so long, and to allow full participation by women and girls in education, the economy, and society. In the current issue, we take up this topic to create awareness. Only by working together we can make real progress by 2030 – the declared deadline for achieving the SDGs – in creating a world in which all genders, with all their differences and individual personalities, have equal rights. In which they are able to structure their lives as they wish and thus realise their full potential. A world in which they enjoy the same opportunities, where they can prosper and lead self-determined lives as equals.

5 GENDER EQUALITY



GENDER= EQUALITY

*You can find out more about
Sustainable Development Goal 5
on pages 20–21.*

Equality for women is not present in our society. Numerous studies and reports, such as the current publications from the organisation Equal Measures 2030, substantiate the existing inequalities for women in our society, who face a wide variety of challenges and problems on the basis of their gender. These do, however, vary greatly depending on the origin, place of residence and work as well as the social group to which women belong.

DISCRIMINATION AGAINST WOMEN

Discrimination is defined as any type of unjustified unfair or unequal treatment of individual persons or groups on the basis of perceivable or not immediately perceivable characteristics. The perceivable characteristics also include gender, in particular. There are a variety of ways in which women are discriminated against. These range from being disadvantaged in the area of education to inequalities during the hiring of new staff and to the abilities of female colleagues being underestimated. Further issues include the lack of legislation and protective measures for women, poor health care, and a lack of suitable representation for women at the political level.

At the international level, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) is an important cornerstone for

the equality of women. The CEDAW was adopted by the General Assembly of the United Nations on 18 December 1979. The main objectives include the elimination of discrimination in political and public life as well as in health care, protection against violence; and the fight against different types of discrimination, for example at work, socially, with regard to marriage and family, but also in the area of education and training.

Regarding the situation at the workplace, the discrimination of women often occurs in connection with marital status or the presence of children. Sexual and gender-related harassment also falls into the category of discrimination.

Women in Austria have very widespread experience with discrimination. According to a study carried out by SORA for the Vienna Chamber of Labour in 2018, 46% of all women who participated in the »



Wolfgang Pinner
Head of Responsible Investment
at Raiffeisen KAG

survey felt that they had been discriminated against in at least one area of life during the preceding three years, and about a third of them believed it was clearly on the basis of their gender. Indirect discrimination, in particular, is often not recognised as such. An example of this is management positions not being available for part-time employees. Since the majority of part-time workers are women, this is an indirect form of discrimination.

The necessity to differentiate between “real discrimination” and “experienced discrimination” is an interesting aspect of the topic regarding the discrimination of women. Younger women, in particular, often have little understanding of so-called feminist politics. This may be due to the tendency to attribute successes and failures more strongly to the individual, because personal responsibility and self-determination are becoming more important in our society. The perception of structural discrimination is therefore receding into the background; those affected often view the discriminatory act only as an individual incident at a direct interpersonal level.

NO EQUAL OPPORTUNITIES WITHOUT EDUCATION

Discrimination in the area of education has a particularly negative impact on the

lives of women. For without education, it is not possible for women to achieve equal opportunities between the genders, to lead a self-determined life, or to get involved in social processes. The better the education and training of a woman is, the higher her chances are of finding an appealing, well-paid job. Investing in the education of girls can ultimately help to change structures, both globally and at a local level. The economic development of a country benefits from the training of girls and women. »

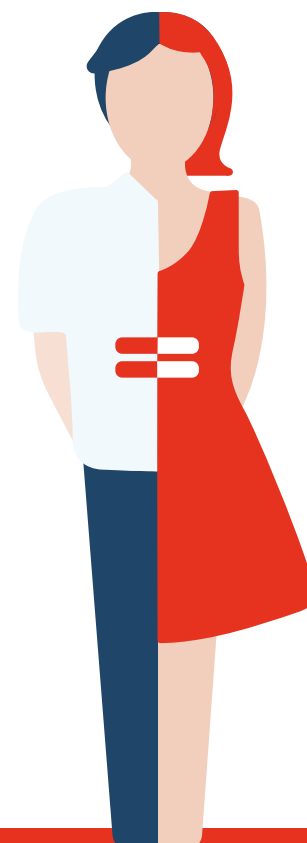
THE RIGHT TO EDUCATION

Quality Education and Gender Equality are right next to each other in the list of the 17 Sustainable Development Goals (SDGs). It is a fact that the right to education is still one that is reserved only for the male part of the population in many regions of the world. After all, even in the German-speaking region, women only gained full access to universities by law at the start of the 20th century.



A woman with blonde hair, wearing a white button-down shirt, is shown in profile, looking towards the left. Her arms are crossed. In the background, two other people are visible but out of focus. A solid red vertical bar is on the left side of the image.

GENDER EQUALITY



GENDER-PAY-GAP: WHY WOMEN EARN LESS...

One result of several of the already mentioned aspects of inequality at a social level is the existence of the so-called gender pay gap – the gender-specific wage differential at a corporate level. There are a variety of factors that may serve as an explanation for the wage differential, for example labour market segregation. Other factors such as discrimination or even part-time work are possible starting points in the search for an explanation for the gender pay gap within companies – especially between employees at the same pay grade. Women make more frequent use of offers for

part-time work than men, even though companies have increased such offers in general in recent times. Across the EU, about 30% of working women occupy part-time positions, while 92% of working men have full-time positions.*

Despite all these searches for possible explanations for the gender pay gap, the lower wages are often the result of disregard for the female workforce. Consequently, if a man earns more than a woman although they have the same qualifications and deliver the same quality of work, this is discrimination, and this is also responsible for the gender pay gap. »

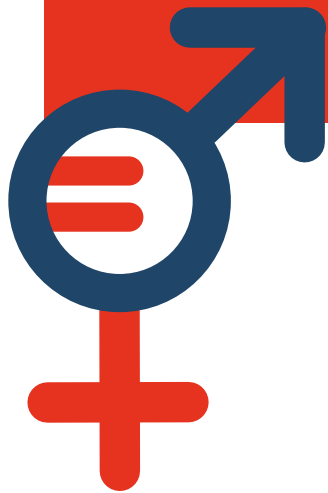
Chart: Unadjusted gender pay gap in various countries

Country	2017	2018	2019
Germany	20.4%	20.1%	19.2%
Austria	20.7%	20.4%	19.9%
Switzerland	17.0%	17.0%	–
Sweden	12.5%	12.1%	11.8%
EU (27 countries)	14.6%	14.4%	14.1%
USA	–	–	18.0%
Korea	–	–	32.3%

Source: Eurostat, 2020

* European Parliament, 2020

GENDER EQUALITY



Another important aspect in the unequal treatment of women is the attitude towards productive and reproductive work. So-called reproductive work – bringing up and raising children – is necessary in order to maintain society as well as the workforce, and is traditionally performed by women. Despite the fact that this activity is described as “work”, there are no models for its remuneration. Women are essentially tasked with the duties of assistants, nurses, and housewives. In the last few years and decades, the organisation of reproductive work has changed as many women obtained gainful employment and reproductive work therefore often moved towards paid activities, such as in the area of childcare, domestic help, and homes for senior citizens. These activities are largely carried out by women and are often lower paid than professions which are male-dominated in terms of numbers. Despite being paid for working, women often bear a double burden as they frequently need to take care of children, the household, and the elderly.

For an employer, showing appreciation for reproductive work and eliminating discrimination can mean offering free day-care centres and paying higher sal-

aries for part-time employees who perform reproductive work.

... AND WHY WOMEN PAY MORE

“Pink tax” is understood as the surcharge paid for products and services that are aimed at female consumers versus equivalent offers for male consumers. In particular, many products for daily use, such as personal care products, are marketed in a gender-specific manner. In connection with the pink tax, the marketing of a product or service for women or girls may be supported by the product name itself, by special attributes such as “for women”, by the packaging, or by placements in shops or on Internet platforms. In the case of the packaging, the colour, shape, and also the images play an important role.

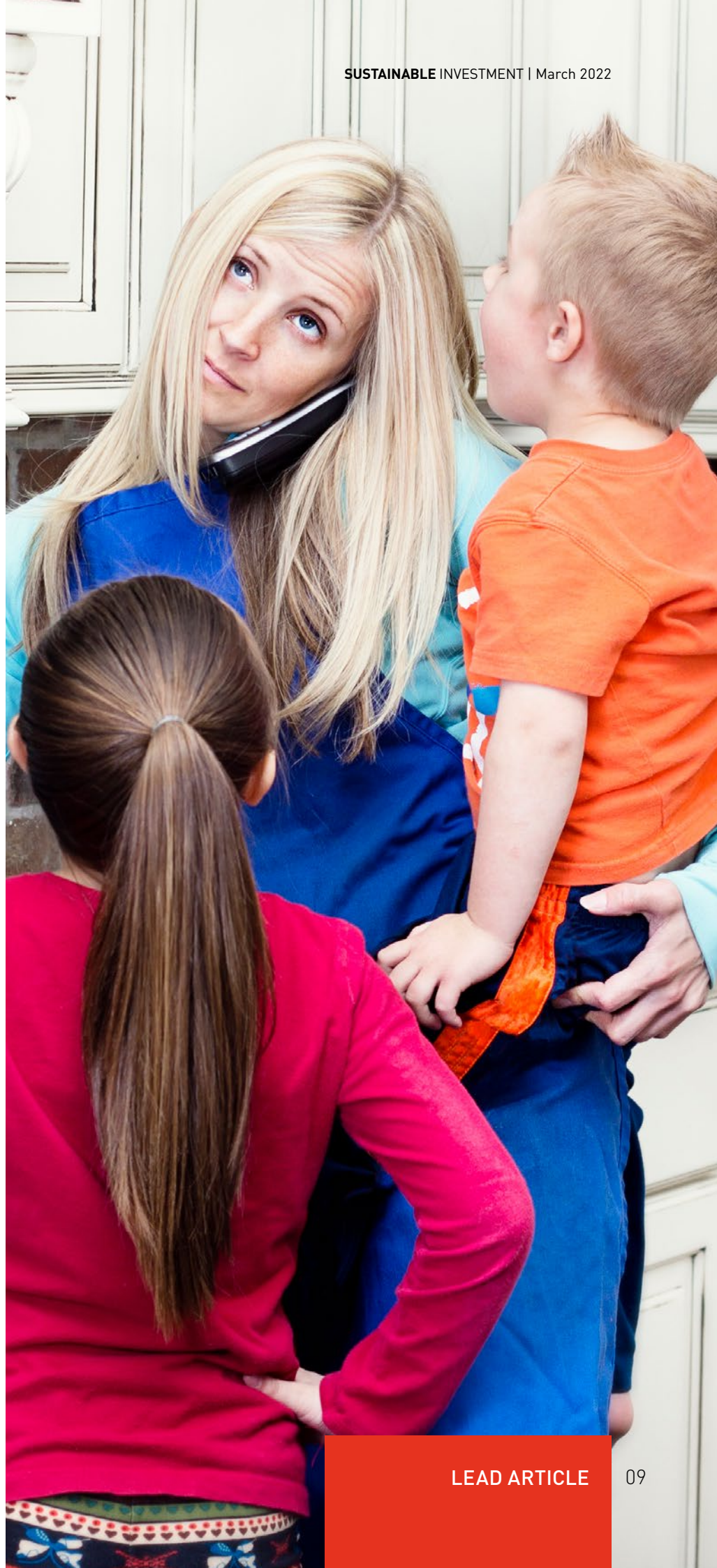
In the services sector, the prices of hairdressing salons and dry cleaners are good examples of a pink tax. For an entirely equivalent service at the hairdresser – wash, cut, and dry in connection with a short hairstyle – the price is 11 euros higher on average for women than it is for men.*

One reason for the existence of the pink tax is a lower price sensitivity on »

the part of women when expenses for their outward appearance are involved. Shaving products and perfumes are examples of product categories characterised by large surcharges to the detriment of female consumers. The extent of the price differences also usually cannot be justified on the basis of slightly different formulas and ingredients.

The existence and extent of the pink tax has led to legislative action as well as to numerous public statements in the world of media.

In conclusion, it can be said that the described, clear injustices towards women affect many different areas of their lives. In some areas, there are already approaches towards establishing equality between genders such as the regulation for supervisory boards or the equal treatment law – however, these have often only been implemented very reluctantly or even ignored in some cases. In recent times, however, the awareness regarding issues surrounding discrimination against women seems to be growing steadily, and it appears to have found its rightful place in the debate about justice in the broader sense.



WOMEN IN THE ECONOMY

EQUAL AND Y≠T NOT EQUAL: WOMEN IN THE ECONOMY

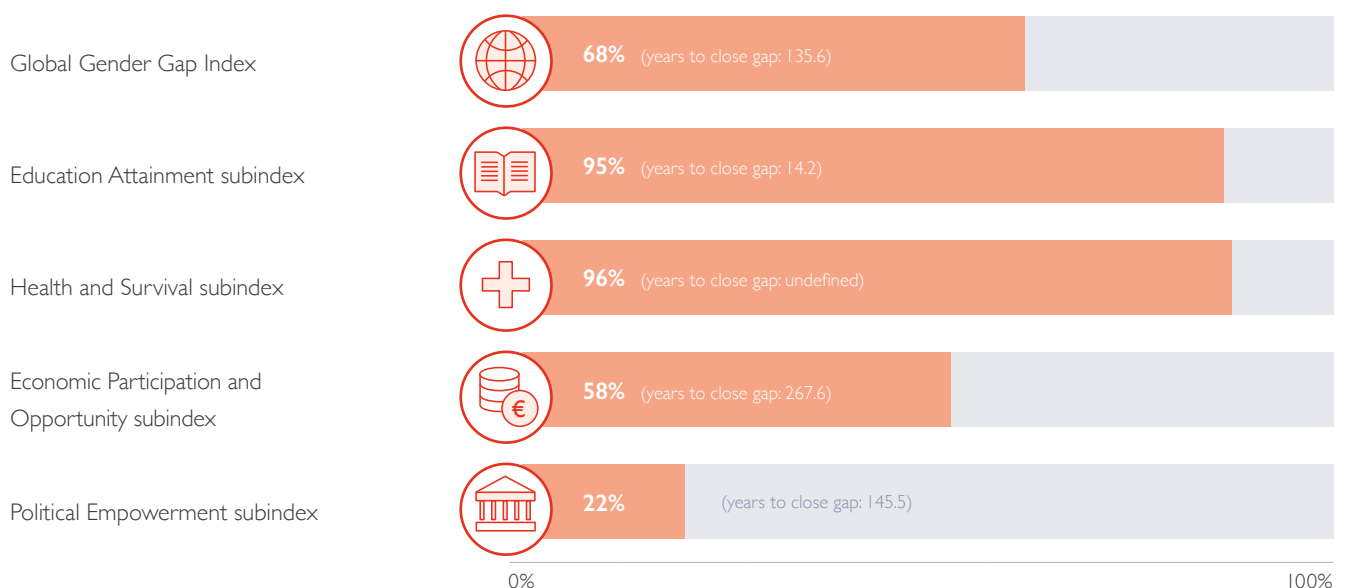
More than half of the world's population is female. However, this is far from being reflected in the occupation of top positions in the economy. On the contrary, there is clearly an imbalance here. According to the World Economic Forum*, the gap in the case of economic participation by women and equal opportunities is at 42%. If one applies the current rate of change at which the gap has been narrowing recently, it would take a further 267 years until the gap disappears completely. Austria's achievements are downright catastrophic in this subindex of the Global Gender Gap Index, as it ranks 88th (out of 156 countries).

Gender equality was adopted as one of the global Sustainable Development Goals by 193 UN member states in September 2015, but how do things currently stand regarding the sub-target of equal opportunities in the economy, in particular with regard to taking on management positions? (Sustainable Development Goal or SDG – 5.5).

One obvious reason for this performance is the underrepresentation of women in top positions at Austrian companies. The Austrian Traded Index (ATX), as the most important index of the Vienna Stock Exchange, contains 20 companies, of which only two (VIG and CA Immo) have female management board chairpersons, while 15 companies do not have any women in their management boards at all.

In the case of the Vienna Stock Exchange Index (VWI), which contains 60 companies and thus all of the companies listed on the Vienna Stock Exchange, there is only one further chairwoman (at BKS Bank). Consequently, Austria is in second-to-last place within Europe. Here, an urgent need arises for a legal minimum quota for the representation of women in management positions. »

Chart: Population-weighted averages for the 156 economies featured in the Global Gender Gap Index 2021



Source: World Economic Forum, Global Gender Gap Index, 2021.



Ingrid Szeiler
Head of Investment
at Raiffeisen KAG

However, which measures for the promotion of actual equality between women and men are already in place? One needs to differentiate between the large-scale measures of governments and international organisations on the one hand, and the small-scale measures on the other, which, if one thinks it through to the end, must lead to cultural change.

Examples of international and national resolutions and framework legislation:

Organization for Security and Co-operation in Europe (OSCE): Decision No. 638 – 2004 OSCE Action Plan for the Promotion of Gender Equality

European Union: Gender Equality Strategy 2020–2025 of the European Commission

Republic of Austria: As per Article 7 Paragraph 2 of the Austrian Federal Constitutional Law (Bundes-Verfassungsgesetz), the Austrian Federal Government, the Federal Provinces of Austria, and Austria's municipalities are committed towards actual gender equality

The topic is of such great importance for the European Union that it founded a dedicated agency, the European Institute for Gender Equality (EIGE), all the way back in 2006. The institute is meant to assist institutions and EU member states in achieving gender equality. EIGE is therefore a pioneer in the development of reliable findings as it collects and makes available data in addition to exchanging useful experiences and specialised knowledge.

Examples of concrete measures for the promotion of women in the economy:

Assessment of work that is free from discrimination, i.e. counteract gender-related clichés in career choices. For example, studying STEM* subjects has good future prospects and well-paid jobs follow

Promotion of education and financial training. This will also subsequently reduce the disadvantages in retirement planning

Nationwide childcare, even in rural areas

Compatibility of career and family, thus ensuring better career prospects and earning opportunities for women. Part-time work has been shown to be detrimental to one's career – less than 10% of managers are part-time employees

Gender-neutral recruitment and job application processes

Key performance indicators for management with a focus on gender equality

Salary transparency in order to improve wage negotiations and to see how far a company has progressed in terms of gender equality. A matter of interest in this regard is a study by Zoë Cullen** which shows that salaries decrease on average when disclosed.

Women as role models and mentors

Media design, because language and images can serve a key purpose

Shaping opinions and forming attitudes

at an early age with the help of trained educators

And, lastly, an obligatory quota for management positions

Companies should strive for gender equality in companies, including in higher positions, for very pragmatic reasons. A balanced composition of staff has a positive impact on management style and group dynamics, as was discovered by a Norwegian study. Furthermore, numerous studies have revealed again and again that companies with mixed management teams are more successful. One example that illustrates this is a 2020 study by Boston Consulting Group. It is important to note at this point that such statements cannot be proven in reality.

Summary: Gender equality has shifted much more into the centre of attention in recent years. Much has already been achieved, but much more, in particular in terms of changing mindsets (and attitudes), still has to be done.

And in case you are interested to know whether you are prejudiced regarding gender equality at the workplace, please take a look at the following YouTube video from 5 March 2020: "International Women's Day – Can You Solve the Riddle? (Mindspace)".

* STEM stands for science, technology, engineering, and mathematics.

** Cullen, Zoë B., and Bobak Pakzad-Hurson: Equilibrium Effects of Pay Transparency. NBER Working Paper Series, No. 28903, June 2021. (Revise and Resubmit at Econometrica).

WHY DO WE NEED QUOTAS FOR WOMEN?

♂♀ GENDER EQUALITY

WHY DO WE NEED QUOTAS FOR WOMEN?

What are the objections that are often raised against such quota regulations? First and foremost, the argument is put forward that there is a lack of suitable female candidates. Furthermore, people contend that a prescribed quota for supervisory boards would only take effect at a high executive level and therefore neglect the need for prior career development. At the same time, the introduction of a quota for women might be seen as potential discrimination against men.

Europe is taking on a pioneering role in terms of sustainability, and also when it comes to gender equality in management positions.

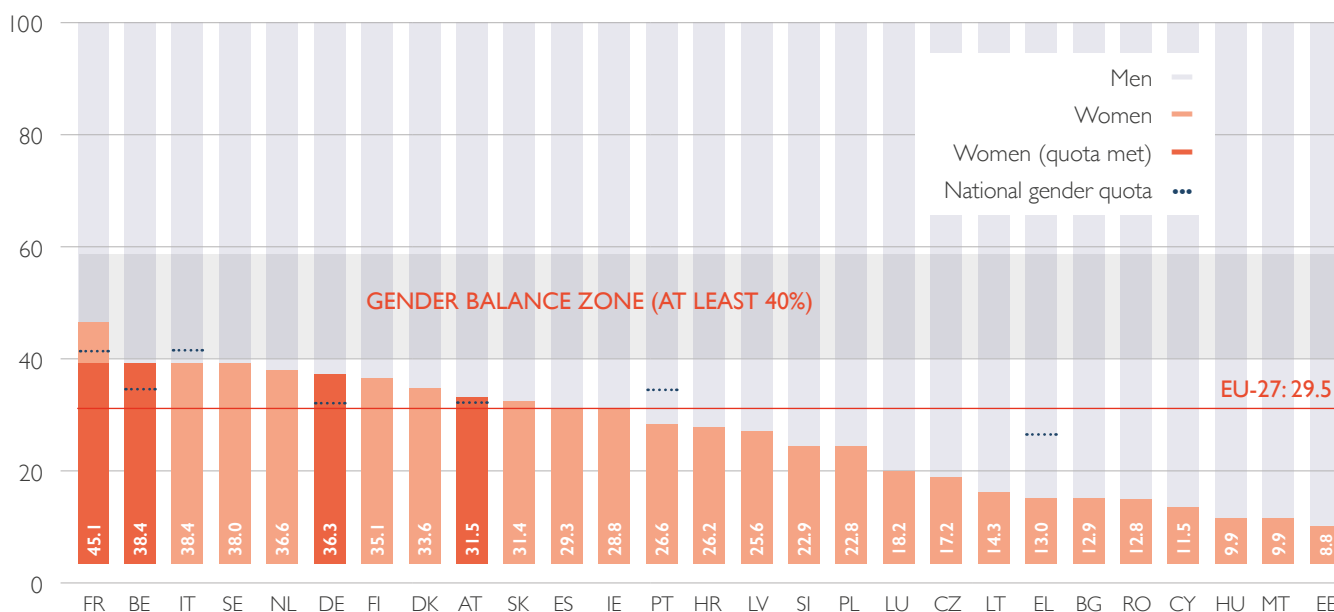
Commission President Ursula von der Leyen announced in January 2022 that a quota for women of at least 40% should be introduced for supervisory boards of listed companies in the EU. As a reaction to her proposal, we would like to take this opportunity to shed some light on the pros and cons of such a regulation as well as on its effectiveness.

Practical examples show that binding gender quotas are most effective, in particular in conjunction with sanctions in the case of non-compliance. The latter is, however, only implemented in a few countries (for example, fines in Belgium, Norway, France, and Italy); yet in Germany and Austria, the current provision in the case of non-compliance is for a so-called

“empty chair” (in other words, a vacant post). A quick look at the numbers makes it clear that soft guidelines or voluntary measures do not lead to noticeable improvements in female representation in management positions.

Seven EU member states currently prescribe binding quotas for supervisory »

Chart: Proportion of women in supervisory boards (in per cent), by member state



Source: EIGE's Gender Statistics Database, as of December 2021

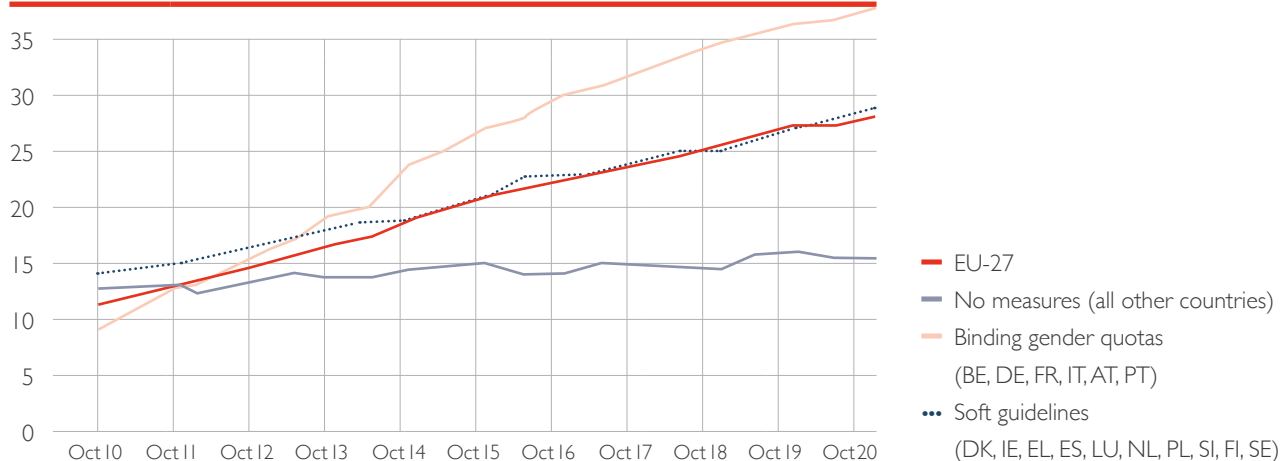


Magdalena Quell
Product and Project Manager
at Raiffeisen KAG

boards. There are minimum quotas of 40% in France and Italy, 33% in Belgium and Portugal, 30% in Germany and Austria, and 25% in Greece. It is therefore not surprising that France, Belgium, and Italy have the highest proportions of women in supervisory boards within the EU. These are countries that not only implement binding gender quotas, but which also combine this with hard sanctions in cases of non-compliance. Hungary, Malta, and Estonia bring up the rear in this European comparison.

These three countries do not prescribe binding quotas, nor have they issued voluntary recommendations for gender equality. Thus, whereas EU member states with a mandatory quota achieve a proportion of women in supervisory boards of just under 38% on average, this percentage is 24% for the remaining EU member states that only have soft measures or none at all. These countries also show almost no signs of improvement over the course of time (see the figure below).

Chart: Proportion of women in supervisory boards (in per cent), in the period 2010–2020



Source: EIGE's Gender Statistics Database, as of December 2021

The lack of legislation with regard to binding quotas for women is reflected in the gender equality for the occupation of executive management positions in listed companies. While three out of ten supervisory board members in the EU are women, this figure is a low one out of ten in the case of management board members.

In conclusion, it can be stated that legislation regarding quotas for women is an important and necessary measure in order to achieve gender equality. At the same time, it can be noted that companies with a higher proportion of women demonstrate increases in both added value and sustainability.



Moderated by
Dieter Aigner,
Managing Director of
Raiffeisen KAG



Virtual round-table discussion about female empowerment by means of microleans.

Andrea Barschdorf-Hager
Managing Director of CARE Österreich



Andrea Hagmann
Managing Board Member of
Oikocredit Austria



Philipp Müller
CEO BlueOrchard Finance AG – Impact
Investment Managers



Waltraud Probst
Fund Manager at Raiffeisen KAG



Ms Hagmann, microloans are considered an important instrument with which to lead women out of poverty and empower them as small and micro-entrepreneurs. Could you briefly describe what this involves and what Oikocredit does?

Andrea Hagmann: Oikocredit assists people who cannot get loans at commercial banks because they cannot provide any collateral, among other issues, and are therefore not viewed as creditworthy. The focus is on the so-called working poor in developing countries. These are people who currently perform some type of work, but do not have sufficient income to support their families and themselves. They consequently live on the verge of poverty. A small crisis would be enough to threaten their existence. Of course, we cannot reach these people from our headquarters in Amsterdam, but rather via our local partner organisations: NGOs, banks, and microfinance institutions that are chosen very carefully with regard to their objectives and customer groups. This means that they need to share our goals of job retention and job creation. Yet they also need to focus on disadvantaged customer groups such as women or small-scale farmers. We finance these partner institutions, and they in turn advise and assist our

end customers locally. The loan amounts start at only a few dollars. Oikocredit is active in 33 countries and works together with more than 500 partner institutions. The project financing currently totals around 900 million euros.

At the start of the millennium, microloans were strongly supported by development banks as well, and in 2006, Bengali economist Muhammad Yunus was awarded the Nobel Peace Prize for this business model. However, there is also criticism. Why?

Andrea Hagmann: Microfinance has been around for a very long time. We only need to think of the original idea behind Raiffeisen, which, like microfinance, assists people in helping themselves. The topic became popular in the 1970s and 1980s. At the time, people were euphoric at having discovered an instrument that could really eliminate poverty. The year 2005 was then proclaimed to be the International Year of Microcredit, and Muhammad Yunus received the Nobel Prize a year later. And then the first drawbacks appeared: There were problems with excessive debt, which even drove some people to commit suicide, particularly in India. That was when the realisation dawned that one had to bid farewell to the original goals of ending »



MICROFINANCE: ONE TOOL IN A TOOLBOX

poverty and take a closer look at what microfinance can really achieve.

And what is that, precisely?

Andrea Hagmann: Providing people with access to financing which they would not have obtained otherwise. This can open up entirely new prospects for people. Because not only do the local institutions make the funds available, they also provide empowerment in terms of advising and assisting the client. It's also about financial literacy, in other words, understanding what it means to take out a loan. Ideally, loans enable people to take control of their own lives and thus achieve a certain degree of independence. By the way, 86% of financing from Oikocredit goes to women and their business ideas because, as we have seen, the road towards financial independence is very hard and very difficult for women – not only in developing and emerging countries, but also there in particular. By supporting these women through special financial products, assisting and advising them, drawing up a business plan with them, and creating networks that give rise to new collaborations, we significantly improve the real-life situation of the women and help them become more self-determined. And besides this, it has

also been proven that most of the women do not spend the money that they earn on themselves, but rather on food, health care, and an education for their children, which in turn has a positive effect on society.

Ms Barschdorf-Hager, CARE also has its own programmes in the area of microfinance. However, the financial means behind these are raised by the people locally. How does this work?

Andrea Barschdorf-Hager: With these programmes, CARE is helping the poorest of the poor. According to the World Bank's definition, these are people who have less than 1.90 US dollars at their disposal per day. CARE designs projects at a local level that are financed by microloans in order to help these people and make them more independent financially. If these projects pass feasibility studies and due diligence checks, then they can be realised. Small savings groups – so-called village savings and loan groups – are subsequently formed right there where the projects are implemented. This happens with the assistance and advice of our local teams or through partner organisations. The members of each small savings group then regularly contribute very small amounts – we are talk-

ing about 10 or 20 cents here – towards the community assets. Microloans are then taken out from these joint savings; 10% interest is paid on these on average, and they need to be paid back again. The entire community then benefits from the repayments and the interest.

How high is the proportion of women in these small savings groups and how high is the repayment ratio?

Andrea Barschdorf-Hager: The proportion of women is about 85% on average worldwide. About a quarter of these are young women. The remarkable thing about these projects is that no money whatsoever comes from outside and that the members of the savings groups themselves are responsible for the management of the money. Usually, two or three trustworthy people who can read and write are chosen to manage the money. CARE provides a kind of business consulting on-site; this also serves to establish which business ideas make sense. Then, for instance, they buy a sheep, sell milk, and get wool as well. The repayment ratio is between 85% and 100%. Assistance is also provided here. If there are any difficulties, the community finds the solution. This means that the solidarity within the community is also »



Dieter Aigner conferencing with Andrea Barschdorf-Hager, Andrea Hagmann, Philipp Müller and Waltraud Probst

strengthened. That is a further aspect. Worldwide, we have 8.5 million people in 59 countries in these kinds of small savings groups. Their annual turnover is 500 million US dollars. We have made it our goal to get 50 million people into such groups by the year 2030. We have seen that these savings groups are a very effective instrument.

Is there also success in improving the situation of the women over the long term as regards their position in society? Or do the loans create new forms of dependency as critics like to argue?

Andrea Barschdorf-Hager: An example: Jordan is a highly developed country economically speaking in comparison to many other countries in which we are active. Some 20% of the women there have a job. However, only 2% of these 20% have a say in what happens to their income. All of the microfinance institutions aspire to combine human rights aspects with economic empowerment – irrespective of the size of the loans. In this case, it means bringing the message across that if one earns money, one can also decide what happens to it. To achieve this within the traditional structures in which we are active is a challenge. Yet this plays an important part in

the empowerment I alluded to before. The number of those living in absolute poverty has decreased by more than 36% since 1980. Around 85% of small savings groups are still in existence after five years. In Rwanda, we measured that 43% of participating women set up a small business within three years which they use to contribute significantly towards the household income, allowing them to send their kids to school. And here is another number, from Uganda: Household income increased by 60% within three years when one of the household members was part of a village savings and loan group. The local people develop their social and economic skills on their own.

Mr Müller, your company, BlueOrchard, manages a variety of impact funds that invest locally in microfinance institutions. How does one succeed in incorporating such a complex topic into investment products?

Philipp Müller: We manage numerous microfinance funds in the area of private debt. This includes the world's largest and oldest commercial microfinance fund, which has now reached a volume of more than two billion US dollars. In order to operate in a legitimate and »

trustworthy manner, we have staff in local offices, for instance in Latin America and Africa. Furthermore, we have close ties to multinational organisations. It is important to follow a highly professional portfolio management approach. One needs a much higher level of diversification than in other portfolios. Through our flagship fund, clients invest in more than 150 microfinance institutions in more than 50 countries.

That's very broad diversification, indeed.

Philipp Müller: Even though it may seem like over-diversification, that is, of course, not the case. For if one wants to actively limit the exposure of an investment, different instruments are available in order to meet the liquidity needs of the fund, such as different loan structures and different maturities. There are also loans with adapted repayment rates that can be amortised. This ensures that one can service the liquidity needs of the fund at any time. Naturally, it also helps that we developed our portfolio years ago.

You mentioned that you also have staff in the respective countries?

Philipp Müller: Yes, we basically have three large teams. There is the investment team, which selects our investment

partners in these countries and also remains in constant contact with them. It is responsible for sourcing the investments. Our analysis team systematically checks the quality of the counterparties as well as the impact by means of indicators. It acts like a rating agency. The third team, risk management, assesses the various risks. This team is also very well acquainted with the local regulatory guidelines. Last year, we invested more than 1.4 billion US dollars in Emerging Markets. The transaction size ranges from around 5 to 7.5 million US dollars. We very intentionally work with local microfinance institutions and conduct on-site diligence. This means that we go to the branches of these institutions that are furthest away from their headquarters, and then ask, for instance, how microloans are explained, what the relevant documentation looks like, and what assistance is provided to the borrowers.

Which microfinance institutions are worthy of consideration for investment?

Philipp Müller: They can be very small institutions, NGOs, but also medium-sized tier-1 or tier-2 microfinance institutions. Here, we usually work together with development banks and have specific impact portfolios. However, we also invest

in large, established institutions, especially through our retail fund. It is important to us to channel capital into these countries and to help the people there to use their own strength to lift themselves out of poverty. This kind of financial inclusion is a very important tool. Yet it is not a cure-all, of course. It is one tool in a toolbox; but it is an extremely important one.

What significance does impact investing have for the international asset management industry?

Waltraud Probst: Sustainable investment has been given a massive boost in recent years. At the end of 2021, 42% of all investments in Europe were sustainable as defined by Articles 8 and 9 of the Disclosure Regulation. Growth is still slower in the case of pure impact investments, and is currently driven more by environmental criteria than by social or governance topics. There is still a lot of catching up to do with regard to these two aspects. Despite this, it is very important to invest in impact, and not only promote ESG integration. This makes a considerable difference, because reports that provide information on the impact that microfinance has on the respective recipients are only created if the impact concept plays a role. »

ROUND- TABLE- DISCUSSION

Measuring the impact and presenting it in a credible manner is a challenge, yet it is essential for investors.

Waltraud Probst: Yes, we need indicators for productivity and for the impact chain, in other words, for the effects on families, villages, and countries. It is very important to us investors to be presented with this information in a coherent manner. Although there is already a great deal of reporting, it still needs to be fine-tuned in this regard. Where the environmental effects of impact investing are concerned, one can, for instance, state very clearly the reduction in carbon emissions or how many houses can be heated in the respective country. It would be very nice if we could also obtain similarly clear facts and figures in the area of microfinance investments, so as to get a clearer picture of its impact. We find ourselves in highly industrialised surroundings. Many people are not even aware how difficult it is to get a loan in many parts of the world, especially for women.

How can one measure the impact, which very obviously does exist? And which obstacles does one face in practice?

Andrea Hagmann: Measuring the impact is most definitely a very important topic, because investors would like to

know what happens to their money, and rightly so. Oikocredit investors do not expect maximum returns on their investment; they are much more concerned about the social gains. We are very serious about this topic and publish an impact report every year that contains meaningful indicators. What we may not forget, however, is that the impact of the small organisations needs to be measured locally. Obtaining this data from micro-clients requires a great deal of effort from all involved parties. This can become very detailed, and we should reflect very well on how much can really be measured in terms of impact and in which cases reporting makes sense.

Andrea Barschdorf-Hager: Our investors expect comprehensive quantitative and qualitative reporting from us. The focus was on quantitative measurements in the past, and this is still incredibly important today as well. They provide information about questions such as how many people can I reach? How quickly can one provide emergency care to how many displaced people? But qualitative indicators are also increasingly being included; these are naturally very difficult to measure, because this actually involves social science investi- »



“Not to simply divert financial flows without any conditions attached, but rather to combine this with upholding human rights.”

gations. That also requires colleagues with relevant qualifications so that the surveys can be carried out with the desired level of quality. It also requires recipients of microloans to be prepared to talk about whether and to what extent their families' lives have been impacted, usually after a hard day's work. And that applies to the women, the men, and the children. Whether they send their kids to school. How long their children have been in school for, etc.

Let us have a look at the topic from the other side. Transparency must certainly play an important role for your clients?

Philipp Müller: Impact investors expect transparent communication with regard to the investment process and the impact managing processes. They ultimately want to know what impact has been achieved. We provide professional investors, such as pension funds, insurance companies, and development banks, as well as other multilateral organisations, with very deep insights into our investment process through due diligence checks, and it is not uncommon for representatives to come into our local offices so as to get a good picture of the operations on-site. Once a year, we publish our impact report, which provides information on the impact

we have achieved: the number of end customers we have reached, the SMEs we have financed, the jobs we have preserved and created, and much more. We follow the principle of measuring objective criteria through quantifiable data. The data quality is very, very important in our view.

As a general question for everyone, what impetus does the microfinance industry need in your opinion?

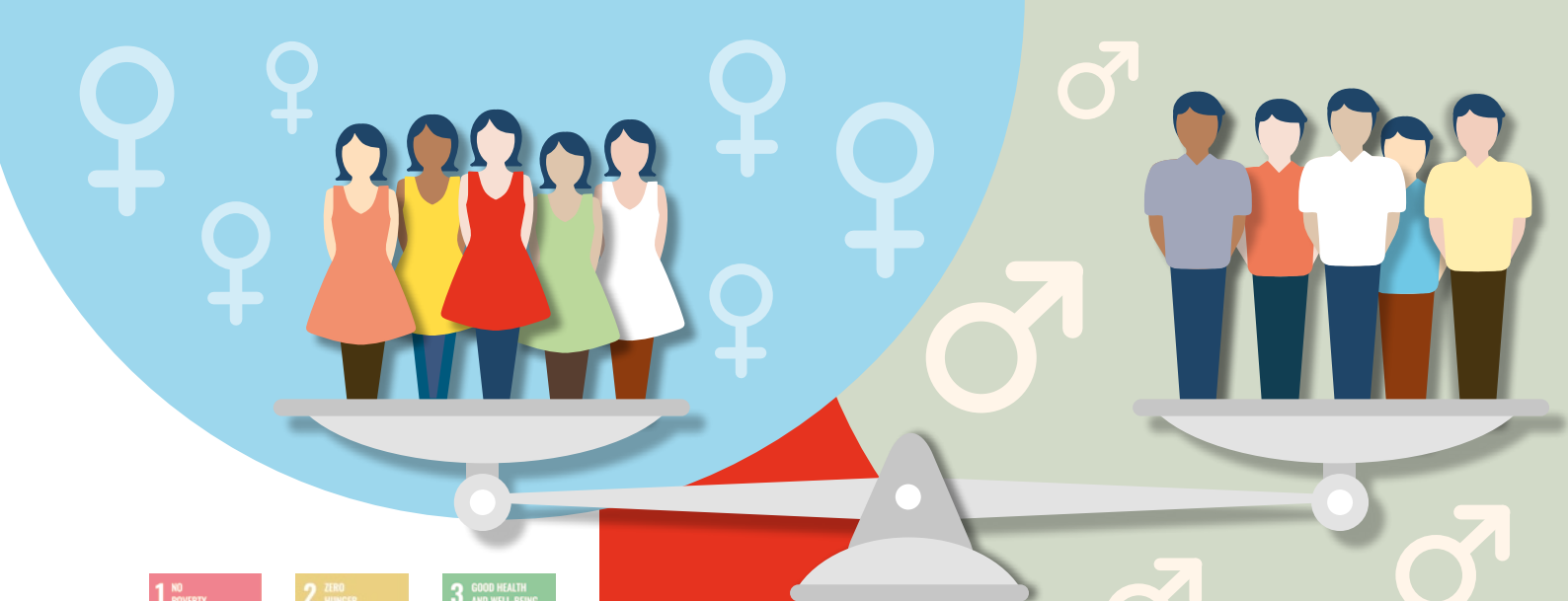
Andrea Hagmann: I believe that innovation and further development are especially important. Oikocredit, for instance, wants to tackle problems not only at the individual level, but also at the collective level, with its new strategy. This is intended to strengthen the resilience against crises at the community level as well. On the topic of education, Oikocredit only recently set up a plan to finance schooling in lower-income areas in Africa. This was done together with Opportunity, an expert on the subject of education. The project supports schools and parents of schoolchildren with loans and advice. In this way, the children's education can be ensured in their immediate vicinity.

Andrea Barschdorf-Hager: We must pursue the Sustainable Development

Goals on a much wider scale if we intend to reach the 17 goals by 2030. This applies not only to the southern hemisphere, but to us all, also in Europe. In terms of transparency, it is important not to simply divert financial flows without any conditions attached, but rather to combine this with upholding human rights. There should be no compromise here, neither by the EU, nor at a state level.

Waltraud Probst: As a professional investor, I would like to see more attention being paid to social gains. For this, we need an improved data situation, based on scientific facts. Only then can we divert capital flows into appropriate investments. It is vital for the social development, political development, and for global development how many economic opportunities are available to women and men, to individual smaller regions, to larger regions, and to entire continents.

Philipp Müller: My wish would be to practise impact investments in a much more widespread manner. Many of these asset classes are very specialised and private investors do not yet have the desired access to these investments. A lot could still be achieved in this area.



SUSTAINABLE DEVELOPMENT GOAL 5 (SDG 5):

Achieve gender equality and
empower all women and girls.

**SUSTAINABLE
DEVELOPMENT
GOALS**



SDG 5 targets gender-specific discrimination, which is still very deeply rooted at many levels in societies throughout the world. The empowerment and participation of women and girls provides major leverage for economic growth and development, and thus forms a basic foundation from which to achieve other Sustainable Development Goals.

Despite an increase in uncovering underlying disparities as well as numerous global and regional initiatives, gender-based discrimination is very widespread around the globe. Women and girls are disproportionately often victims of violence. They have less access to education and health care. At the

same time, they perform most of the unpaid care work in families and households (e.g. childcare, care for the elderly). This imbalance was further exacerbated during the COVID-19 pandemic.

With the introduction of voting rights for women in 1918, Austria was a pioneer across Europe with regard to the political empowerment of women. Although the development towards gender equality has progressed quite far here, true equality has not yet been attained. Gender equality is a core topic for the Austrian government. The following information box contains excerpts of the most important objectives of SDG 5.

THE UN HAS SET THE FOLLOWING GOALS FOR GENDER EQUALITY BY 2030, WHICH HAVE ALSO BEEN INCORPORATED INTO THE AUSTRIAN FEDERAL GOVERNMENT'S 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT (ABRIDGED):

- ✓ End all forms of discrimination against all women and girls everywhere
- ✓ Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation
- ✓ Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation
- ✓ Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and

the promotion of shared responsibility within the household and the family

- ✓ Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- ✓ Ensure universal access to sexual and reproductive health and reproductive rights
- ✓ Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other assets



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supported by Mathias Zwiefelhofer,
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ON THE TOPIC OF CORPORATE

The shareholder engagement activities of Raiffeisen Capital Management's fund management on the topic of gender equality include dialogue with some of the largest, and for us most interesting, listed companies in this field. We contacted more than 60 companies from various sectors; however, in our review of the answers, we concentrated on companies from the financial sector, which is still largely male-dominated. The following questions were asked in this process:

- 1 How important is gender equality to you, and what concrete value does it add to your company?
- 2 Is your general business and brand strategy oriented towards gender equality (e.g. on the subject of the so-called "pink tax")?
- 3 Which objective processes, systems, or guidelines have you introduced to overcome subconscious prejudices in your company (in particular with regard to the recruitment and remuneration of female and male employees)? Does your company monitor the gender pay gap?
- 4 In connection with our topic of gender equality, what aspects does your organisation handle well, where are the weaknesses, and what efforts are still needed to achieve this objective?
- 5 How often does your company provide diversity training for management staff and other employees?

VOICES

GENDER EQUALITY

1 (National Bank of Canada)

Gender equality not only leads to a noticeably improved work climate and the fairer distribution of opportunities within companies, but also affects the fundamental characteristics of companies. For instance, numerous key financial and balance sheet figures attest to the positive contribution to their corporate success made by a society characterised by diversity.

Without exception, all of the companies we contacted have committed themselves to openness with regard to gender equality, and find it worth promoting.

The National Bank of Canada believes that companies with cultural diversity and a fair gender ratio are stronger and more innovative on the whole. Diversity is a fundamental value for the bank, and impacts all its actions. This is implemented in the bank, for instance, by way of three-year plans for the integration of more female staff at all levels.

2 (Yuanta, Moneta)

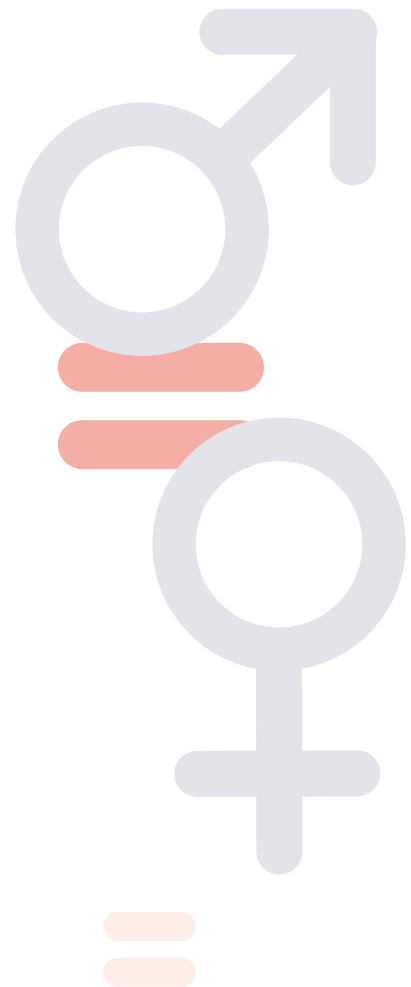
Gender equality is desirable for business practices within internal company processes as well as for the outwardly visible and tangible line of products of the particular enterprise. Company-wide principles are of vital importance to en-

sure gender equality in the daily business operations.

For Taiwanese investment bank Yuanta, the principles of equal opportunities, such as the same pay for the same job, form the central components of their corporate culture. Besides this, the company generally adheres to a policy of zero tolerance with regard to gender discrimination.

The most well-known examples of pink tax are to be found in the area of personal hygiene articles, in particular products with exclusively female target groups. These products are often significantly more expensive than similar or, in some cases, even identical products for men. We considered the question of whether there are comparable, unfair business practices in the financial sector as well, where women and men are not treated equally. Evidently, this is indeed the case in some instances.

Czech bank Moneta is actively counteracting the effects of this pink tax by specifically providing loans that are only available to female entrepreneurs. In this way, the bank is helping to achieve the ambitious goals of women by offering attractive interest rates. The project is being realised in collaboration with the European Invest- »



CORPORATE
VOICES ON THE
TOPIC OF GENDER
EQUALITY



ment Fund within the scope of the EU Programme for Employment and Social Innovation (EaSI).

3 (Yapi Kredi, Akbank)

Creating an equitable working environment does of course require concrete and transparent measures. Companies make use of a wide variety of approaches in order to achieve this objective. Turkish bank Yapi Kredi has developed an array of training and counselling programmes for its staff to create an inclusive working environment. The programmes cover five main topics, namely gender equality with regard to knowledge, in society, at the workplace, in language, and concerning people. The training in this connection was completed by more than 16,000 employees.

For another Turkish company, Akbank, competence and qualifications are the most important criteria when hiring new staff. For this reason, women are not asked about their family planning during job interviews so as to ensure that the application process remains unbiased. Furthermore, female colleagues on maternity leave are guaranteed to find the same working conditions and fields of responsibility upon their return.

The most well-known means of measuring inequality between genders is probably the gender pay gap. Akbank is striving

to eliminate the pay gap that still exists as soon as possible with the help of detailed internal data analyses. We will, of course, continue to monitor this bank's progress in that area.

4 (Shinhan, Westpac)

There are a wide range of possibilities for companies to improve in terms of the multifaceted topic of gender equality. One may not forget to pay attention to the respective cultural and social differences. For the South Korean credit institution Shinhan, the low number of women in management positions – which is due to historical and cultural reasons – represents a particular challenge. To correct this, the company set up a women's promotion programme with the impressive name "Shinhan SHeroes". During the course of this programme, Shinhan was able to appoint the first female managing director in one of its subsidiaries in 2022. The company is encouraged by this successful achievement in its programme and intends to gradually increase the number of female managers in future.

For Westpac, an Australian bank headquartered in Sydney, diversity is an enormously important asset. According to the company's statement, one may not rest on one's laurels, but needs to keep improving and building on the successes of the past. Thus, it comes as no sur-

prise that the group is characterised by an impressively narrow gender pay gap; however, in certain smaller areas within the company there are still differences in remuneration between the sexes. Westpac is tackling this problem head on, and aims to quickly correct this injustice at a high level with the aid of internal projects. These projects address salary discrepancies of more than 5%.

5 (National Bank of Canada, Swedbank)

Training programmes are essential tools to ensure gender equality within a company. The National Bank of Canada reported to us that, at present, almost 97% of all its staff have completed their in-house diversity training. In addition, compulsory training is carried out on the subject of diversity, sexual harassment, and violence at the workplace.

Companies from Northern Europe are usually pioneers in sustainability-related areas. Swedbank, one of the largest banks in Northern Europe, is no exception when it comes to the topic of gender equality. For example, all of its new managers are obligated to complete training on diversity and integration. Besides this, gender equality training is embedded in many other compulsory onboarding training modules. Swedbank has assured Raiffeisen Capital Management that they shall continue on this trailblazing path.

SCHNEIDER
ELECTRIC



COMPANY SUSTAINABILITY SPOTLIGHT

For quite some time, there has been great interest from the area of sustainable investments in companies that have made gender equality a top priority. One can obtain an overview of these companies by looking at the indices which various index providers make available precisely on this topic. The shares of French industrial company Schneider Electric are prominently represented in most of these portfolios.

SCHNEIDER ELECTRIC

Schneider Electric is a globally active and widely diversified industrial enterprise headquartered in Rueil-Malmaison in the vicinity of Paris, France. As of the end of 2021, Schneider Electric employed more than 166,000 staff. Schneider, together with Siemens, is among the largest and most important industrial corporations in Europe. Therefore, it is well worth taking a closer look at the company's history.

168 YEARS OF INDUSTRIAL AND ACQUISITIONAL HISTORY

In 1836, Adolphe and Eugène Schneider founded the Schneider-Creusot steelworks in Le Creusot on 280 hectares of land, thus becoming one of France's great pioneering companies. They were active in the field of steel and heavy industry as well as in the construction of heavy machinery,

equipment, and installations for the transport sector. In 1905, after Schneider had already established itself as a specialist in the arms industry, the company addressed the up-and-coming electric market by building its first electric locomotive.

In 1929, the company merged with Westinghouse, a large international electrical engineering group. After World War II, the company gradually phased out the manufacture of arms and turned its attention towards civilian applications. Schneider became well-known as a construction company, steel manufacturer, supplier of electrical engineering technology, and as a component supplier for the entire industrial sector. It was not until 1968 that Schneider parted ways with the railway business by selling this division to Alstom. In 1999, Groupe Schneider's orientation towards electrical engineering was fur- »

“All of our staff can expect us to value and respect their uniqueness and to accept them as they are.”

Jean-Pascal Tricoire, President and CEO of Schneider Electric

ther underlined by its new name, Schneider Electric SA.

Between 2000 and 2005, the company expanded its field of activities to include scanning technologies, motion control, and building automation and security. February 2007 saw the acquisition of American Power Conversion (APC), a manufacturer of power supply and cooling solutions. At the beginning of 2014, Schneider Electric acquired the French technology company Invensys, thereby continuing on the road towards diversification.

HIGH OVERALL SUSTAINABILITY STANDARDS

Schneider Electric has already demonstrated a relatively good sustainability performance in the past. It surpasses global competitors in relation to their corporate governance structures. Companies with large diversified holdings, such as Schneider Electric, can be confronted with potential doubts in connection with an excessive managerial impact. However, the company has a strong independent board of directors that oversees the general management. Furthermore, it has a robust ethical framework that includes compliance measures such as executive supervision, audits, and whistle-blower protection. We also found there to be a strong commitment towards initiatives for clean energy.

The company surpasses its competitors with clean technology initiatives and a »



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range of energy management solutions for solar power, charging stations, and industrial automation. Its so-called clean-tech portfolio contributed roughly 30% towards the group's total revenue in 2020.

WHAT DOES SCHNEIDER SAY ON THE TOPIC OF HUMAN RIGHTS, EQUALITY, AND EQUAL OPPORTUNITIES?

"We strive to improve life by developing sustainable energy solutions, and we can only achieve this by means of an approach that concerns all areas of business and in which all employees participate. Inequality, in all its forms, is a major threat to peace, stability, and prosperity. Worldwide, around two billion people do not have reliable access to electricity. Yet we view this access to energy as a fundamental human right, and overcoming this inequity also means tackling the other big problems involving inequality. To close the energy gap, we are developing and supporting rural electrification projects ranging from solar lanterns and household electrification systems to street lamps and microgrids. In this way, our innovations help to open up opportunities. In 2021, we helped four million people around the globe to gain access to green electricity. It is our intention to increase this to a total of 50 million people by 2025.

This commitment towards equitable progress also extends to our philosophy on

diversity, fairness, and inclusion. With seven women in our 16-member Executive Committee, our management team is one of the most gender-balanced in our sector. By 2025, we will ensure that women make up 50% of new recruits, 40% of front-line executives, and 30% of management staff. As part of this vision, we have developed and implemented a pay equity framework. This is a collective global methodology used to identify and change gender-specific salary differences within comparable groups of employees. This framework, together with a sector-leading global family holiday guideline, helps us to ensure that fairness is a value that we put into practice every day. It also assists our employees in accomplishing our mission of bridging the gap between progress and sustainability, while not leaving anyone behind."

TURNING WORDS INTO ACTIONS

We reproduced the company's original statements as closely as possible. In the past, the company has always followed up its announcements and plans with corresponding actions. Yet it is not for this reason alone that Schneider Electric achieves above-average results in sustainability assessments.

In a male-dominated segment such as the industrial sector, the company is a role model in demonstrating why it is rightfully included with high weightings in a variety of gender equality indices.

**Raiffeisen
Capital Management**

Member of RBI Group



**LET'S INVEST
TOGETHER IN A
SUSTAINABLE FUTURE.**

PRESERVING VALUE. CREATING VALUE.

Raiffeisen Capital Management stands for Raiffeisen Kapitalanlage GmbH.
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