

# PILOT SOCIAL EQUITY LENS INVESTMENT (SELI) CODING SYSTEM

## ANNEX A - GLOSSARY

**Equity-Deserving Groups** (alternatively known as equity-seeking or equity-denied groups) means communities who have been historically marginalized and excluded from participating in society and face particular and significant barriers due to their intersecting identities, including race, sex, sexual orientation, gender identity or expression, religion, age, and disability. Equity-Deserving Groups include, but are not limited to:

- 2SLGBTQIA+ communities
- Black people
- First Generation Immigrants, Refugees & Newcomers
- Indigenous peoples: First Nations
- Indigenous peoples: Inuit
- Indigenous peoples: Métis
- Official Language Minority communities
- Other racialized people
- People living with a disability (including invisible and episodic disabilities)
- Women
- Gender-diverse people
  - Two-Spirit
  - Non-binary
  - Agender
  - Intersex people
  - Other

A **Gender Lens Investment (GLI)** or an **investment advancing gender equality**: For the purposes of the Social Finance Fund, a Gender Lens Investment (GLI) - or an investment advancing gender equality - intentionally seeks to enhance the status and well-being of women and/or gender-diverse people by meaningfully considering benefits and opportunities afforded to them. A GLI also contributes to challenging biases and power dynamics and tackling key barriers in the design and allocation of capital to women and gender diverse people throughout the investment process. A GLI is considered a subset of a Social Equity Lens Investment (SELI) as all GLIs also qualify as a SELI.

A GLI contributes to advancing Indigenous Reconciliation Commitments by considering how to incorporate Indigenous Rights and Economic Reconciliation in its investment activities. This could include integrating recommendations from the Truth and Reconciliation Commission (particularly Call to Action #92) and from the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP).



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A GLI strives to include considerations of intersectionality into (1) processes and (2) outcomes to promote equitable opportunities for all:

- 1) **Processes:** Processes refer to the intentional incorporation of a gender lens in an investment thesis and/or product design, operational practices and other internal activities to tackle systemic barriers and promote equitable opportunities for all that lead to desired results (outcomes). For example:
  - Gender parity is achieved within leadership and decision-making bodies.
  - Equitable human resource practices are adopted to hire and retain women and gender diverse people.
  
- 2) **Outcomes:** Outcomes refer to results achieved because of intentional and deliberate integration of a gender lens throughout investment activities. For example:
  - Increased capital allocated to entities led by or/and serving women and gender diverse people.
  - Increased capital allocated to entities intentionally designed to enhance the well-being of women and gender diverse people.

A **Social Equity Lens Investment (SELI)** or an **investment advancing social equity**: For the purposes of the Social Finance Fund, a Social Equity Lens Investment (SELI) or an investment advancing social equity intentionally seeks to enhance the status and well-being of equity-deserving groups by meaningfully considering benefits and opportunities for them. A SELI also contributes to challenging biases and power dynamics and tackling key barriers in the design and allocation of capital to equity-deserving groups throughout the investment process. A SELI includes investments that qualify as Gender Lens Investment (GLI), as all GLIs qualify as SELIs. A GLI is a subset of a SELI.

A SELI contributes to advancing Indigenous Reconciliation Commitments by considering how to incorporate Indigenous Rights and Economic Reconciliation in its investment activities. This could include integrating recommendations from the Truth and Reconciliation Commission (particularly Call to Action #92) and from the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP).

A SELI strives to include considerations of intersectionality into (1) processes and (2) outcomes to promote equitable opportunities for all:



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1) **Processes:** Processes refer to the intentional incorporation of a social equity lens in an investment thesis and/or product design, operational practices and other internal activities to tackle systemic barriers and promote equitable opportunities for all that lead to desired results (outcomes). For example:

- Equitable representation is achieved within leadership and decision-making bodies.
- Due diligence is conducted using inclusive and transparent practices, while recognizing the particular barriers faced by, and needs of, equity-deserving groups.

2) **Outcomes:** Outcomes refer to results achieved because of intentional and deliberate integration of a social equity lens throughout investment activities. For example:

- Increased capital allocated to entities led by or/and serving equity-deserving groups.
- Increased capital allocated to entities intentionally designed to enhance the well-being of equity-deserving groups.

**Social Finance Intermediary (SFI) Leadership:** SFI leadership refers to the *senior management and governance bodies* of a SFI, which hold decision-making responsibilities for the fund's investment strategy and fund operations. E.g., C-suite level executives, Board of Directors, Advisory Committee, Investment Committee, Managing Partners, Partners.

**Social Purpose Organization (SPO) Leadership:** SPO leadership refers only to the founder, owner, and/or senior management of a SPO, who hold decision-making responsibilities for the organization's overall strategy and mission. E.g., C-suite level executives, Executive Director, Managing Director, Founder, Owner.

**Investment Thesis:** An investment thesis is a strategy which outlines the intended sectors, geography, target beneficiaries, and/or products and services in which a fund is looking to place investment. E.g., SFI A is looking to invest in rural and remote geographies in Canada, supporting environmental technology solutions that impact Indigenous populations.

**Financial product:** A financial product is a tool designed to finance entities with a view of meeting diverse monetary and operational needs of an individual or organization. E.g., loan, equity investment, outcomes bond, credit guarantees, loan guarantees, risk-adjusted loan.



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***Investment decision-making mechanisms/processes:*** Investment decision-making mechanisms/processes are the actions, strategies, analysis and/or steps that are taken to consider or evaluate an organization and/or project as a suitable investment. E.g., evaluation grids, initial surveys, due diligence, financial modeling/forecasting, incorporation of social or environmental lenses, ESG screening.

***Target investees:*** Intended entities and/or projects who are target recipients of investment activities.

***Target clients or customers:*** Intended entities, communities, or individuals who are targeted as the customers and/or recipients of product design and/or service delivery.

