

2X Challenge Criteria¹ for Qualifying DFC Transactions

DFC uses the five 2X Challenge criteria outlined below to qualify transactions as 2X, with eligibility determined at the time of a transaction's approval. Entities receiving direct financing or political risk insurance from DFC can qualify as 2X by meeting *at minimum* one of the first four criteria. Transactions can also exceed the minimum thresholds or meet more than one criterion.

- 1. Entrepreneurship:** An entity qualifies under this criterion if:
 - a. It was founded by a woman, or the majority of its founders are women who remain actively engaged in the business, OR
 - b. The majority (over 50% by shares) of its direct owners are women.
- 2. Leadership:** An entity qualifies under this criterion if:
 - a. Over 30% of its senior management and leadership positions are held by women, OR
 - b. Over 30% of its Board or Investment Committee members are women.
- 3. Employment:** An entity qualifies under this criterion if:
 - a. Women represent 30% - 50% of its workforce, depending on sector², AND
 - b. It has implemented or commits to implementing policies and/or practices designed to support women's hiring, recruitment, retention, and advancement in the workplace.
- 4. Consumption:** An entity qualifies under this criterion if it offers products or services that specifically or disproportionately benefit women. Products and services align if they:
 - a. Are designed for women's unique needs, AND
 - b. Address a problem disproportionately impacting women, AND
 - c. Have a majority of women customers, OR
 - d. Have a majority of women beneficiaries.
- 5. Financial Intermediaries:** On-lending facilities through financial institutions and investment funds (together, Financial Intermediaries) can qualify under the following portfolio-level criterion:
 - a. On-lending facilities: At least 30% of DFC's loan proceeds or the Financial Intermediary's portfolio will support/ be on-lent to businesses that meet one of the four 2X criteria above, OR
 - b. Funds: At least 30% of the Fund's portfolio companies meet one of the four 2X criteria above, AND
 - c. Financial intermediaries also need to meet one of the four criteria above to qualify.

¹ See <https://www.2xchallenge.org/criteria> for the full 2X Criteria as developed by 2X Challenge. DFC has refined its own internal interpretation of some criteria — specifically the Financial Intermediary criterion.

² The sectoral thresholds are 30% for infrastructure, power, and telecoms; 40% for financial services, heavy manufacturing, agribusiness and food, and professional services; and 50% for healthcare, consumer services, education, and light manufacturing.