CASE STUDY: CNOTE
DRIVING THE SOLUTION FOR INCLUSIVE INVESTING

CONTEXT

CNote is a financial platform based in the US that offers people the chance to make money investing in causes and communities they care about. With the mission of closing the wealth gap, CNote directs every dollar invested towards funding affordable housing, small businesses led by women and minorities, and economic development through its national network of community lenders.

CNote was founded, and is headed by, women and it works to drive investment to underserved communities and build a more inclusive economy for all. CNote directly increased funding for women entrepreneurs in the US through various investment solutions including the Wisdom Fund and Flagship Fund.

The Wisdom Fund is built in collaboration with CDFIs (community development financial institutions). The funds go to women entrepreneurs, specifically women of colour, to build wealth. The initiative also provides small business coaching to support successful startups.

Gender equality is core to CNote’s business model and its external investment activities. The company became a signatory to the Women’s Empowerment Principles (WEPs) in January 2020, putting the principles at the heart of its philosophy.

A spokesperson for CNote said: “We hope more financial firms sign the WEPs to increase the number of women working in finance. Financial products will continue to shore up the status quo if you do not have intersectional representation in the room.”

ACTIONS

In July 2020, CNote created a Gender Equality Action Plan to capture the ways in which the firm is already working towards gender equality and women’s empowerment as well as create a plan for their goals and progress measurement.

For many years, at least 50 per cent of the company’s board members have been women, with this figure rising to 75 per cent in 2020. This has been possible thanks to the policies that the company has implemented. For example, every employee has:
CNote works hard to make sure its workforce is diverse, not only to reflect the communities it supports, but also to improve its operational capabilities with diverse thinking in its teams. It hopes this will help it to best serve women entrepreneurs and underserved communities while driving financial innovation.

**GOALS**

CNote’s primary goal is to boost the amount of lending to women entrepreneurs and small business owners, providing them greater economic resiliency, independence and supporting overall economic growth in the US economy.

It plans to continue to track and publicly report the impact of its investments and to conduct research with its Wisdom Fund partners into building more equitable credit scoring and underwriting models to ensure women borrowers have greater access to fairly priced loan capital.

**TARGETS**

Externally, CNote’s Wisdom Fund is specifically looking to improve the flow of capital to women business owners and also lower their cost of capital. The company spokesperson added: “CNote puts a high priority on our business partners supporting these ideals, specifically women’s empowerment within their work.”

For the last three years, the company contributed around 40 per cent of all capital invested in women-led businesses. In 2018, the total invested was 43 per cent; in 2019, 38 per cent; and in the first half of 2020, 40 per cent.

CNote also regularly engages in community work to increase awareness and involvement of women in the financial services industry, and to increase funding for small women-owned businesses.
KPIs

**EXTERNAL**

- Drive more than US$25,000,000 in investment through CNote’s Wisdom Fund in support of women entrepreneurs of colour in 2020.

- Maintain or exceed the target of 35 per cent of all CNote investment to women-owned businesses (which is eight times the national average of 4.4 per cent) every quarter.

- Drive greater awareness around the inequalities in women-owned small business lending and encourage action to address them, by writing, publishing or getting press on these topics at least four times a year.

**INTERNAL**

- Percentage of employee demographics compared to broader society demographics.

- Percentage of employees who take time out for mental wellness, as opposed to time off for illness.

- Percentage of employees who feel that CNote mission and values are reflected in how they are treated (data will be collected via survey).

- Percentage of women and men employees who feel like they have an equal opportunity for career advancement (data will be collected via survey).

Progress will be monitored by CNote executive leadership as well as an internal diversity, equity and inclusion committee that consists of a combination of senior leadership and other team members. The committee will meet quarterly, or more frequently if needed.

**HOW THE WEPS SECRETARIAT CAN SUPPORT**

CNote asks the WEPS Secretariat to help share information about gender lens investing through online webinars and resources. Sharing CNote’s work to drive greater investment into women entrepreneurs, through initiatives like the Wisdom Fund is beneficial for business-to-business learning. Encourage more financial firms to become WEPS signatories so that more financial products are built in consultation with, and consideration of, women.
| Principle 1 | Establish high-level corporate leadership for gender equality. |
| Principle 2 | Treat all women and men fairly at work– respect and support human rights and nondiscrimination. |
| Principle 3 | Ensure the health, safety and well-being of all women and men workers. |
| Principle 4 | Promote education, training and professional development for women. |
| Principle 5 | Implement enterprise development, supply chain and marketing practices that empower women. |
| Principle 6 | Promote equality through community initiatives and advocacy. |
| Principle 7 | Measure and publicly report on progress to achieve gender equality. |

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