

# EQUAL PAY

## FOR

# EQUAL WORK

## AND SO MUCH MORE...

The pay gap is one of the most egregious examples of gender inequality, but ESG-minded investors need to consider other parts of the problem too

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**A**ccording to the National Women's Law Center, the overall wage gap for women over the past decade has remained steady at about 80 cents for every dollar earned by men. That translates to about 64 extra work days per year for women to reach pay parity.

This gap is even bigger for Latinas, black

women and women of Native American and Hawaiian descent, requiring the impossibility of working for more days than exist on the calendar just to break even.

March is Women's History Month, and International Women's Day is March 8 every year. However, this year, National Equal Pay Day – the date which symbolizes how far into the new year women must work to catch up with what their male counterparts earned in the previous year – fell on April 2. We need to improve that order. What will it take for the National Committee on Pay Equity to be able to move Equal Pay Day to coincide with International Women's Day, or better yet, January 1?

### DATA DOUBTS

As issues of economic inequality have finally made it into the investment mainstream, more data has become available. This makes it possible to examine corporate and community performance in gender terms. Along with that, we have also seen the rise of Gender Lens Investing (GLI) as either a standalone strategy or a facet of broader ESG mandates.

Unfortunately, in strictly quantitative terms, the data has proved insufficient in the equity space to capture performance beyond basic metrics of gender inclusion in the workforce and in leadership. While assessing representation in the C-suite and on the board of a company is a significant indicator of the balance of power, it does not capture the whole story of how the firm arrived at that point, the internal culture and policies that make it possible for women to participate and perform equitably, or the impact – either positive or negative – that the business has on women, from suppliers to end consumers.

## UN SDG NO. 5 – ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

End all forms of discrimination against women and girls everywhere

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

Eliminate all harmful practices, such as child, early and forced marriage, and female genital mutilation

Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources

Eliminate all forms of violence against women and girls in the public and private spheres, including trafficking and other types of exploitation

Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls

Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development, the Beijing Platform for Action and the outcome documents of their review conferences

Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



This lack of a more expansive view of companies and markets through the gender lens has left indices and those strategies that focus solely on gender somewhat lacking when it comes to addressing the systems-level problems that have enabled pay inequity to persist. Strategies that take a more integrated approach and look at the interconnectedness of a comprehensive list of ESG factors beyond just diverse leadership are more likely to represent and result in the change that investors want to see.

The UN's Sustainable Development Goal number five (see chart opposite) does an excellent job of articulating how the system needs to change to reach gender parity globally. Companies that reach beyond just hiring female executives to make broader changes to how they staff, how they compensate, how they operate and how they create and provide access to capital are the ones that will help to make it possible for women to lift themselves up to equal standing in local and global economies.

#### MONEY WHERE IT MATTERS

Lending can be an even more powerful tool for lifting up individuals and communities and giving them the means for economic self-empowerment.

WHILE ASSESSING REPRESENTATION IN THE C-SUITE IS A SIGNIFICANT INDICATOR OF THE BALANCE OF POWER, IT DOES NOT CAPTURE THE WHOLE STORY

Of course, it can become an economic prison if it is provided in inconsiderate or even predatory ways. In portfolio terms, responsible opportunities can be found through microcredit, small business financing, community investments and even municipal bonds that focus on everything from housing to healthcare and education.

As a case study, the Cordes Foundation was able to direct their asset manager Community Capital Management to focus on impact and GLI, resulting in an investment in a taxable municipal bond financing the construction and outfitting of a STEM facility at Texas Woman's University, the US' largest university primarily for women. This is an investment that is changing the nature of the

system itself, increasing the pool of qualified young women for highly compensated skilled jobs.

Indeed, the solutions will come from more than a few metrics influencing the weighting of a diversified list of equities. Investors can and should be performing deeply fundamental work to identify the investments that will break the old paradigm and drive systemic change in favor of fair opportunities and compensation for all.

Unlike many areas of ESG where the measures of success are harder to quantify, this one is simple and goes right to the economy's bottom line. After all, one key measure of the impact of deeply integrated Gender Lens Investing will be where in the calendar National Equal Pay Day falls in years to come. ■