

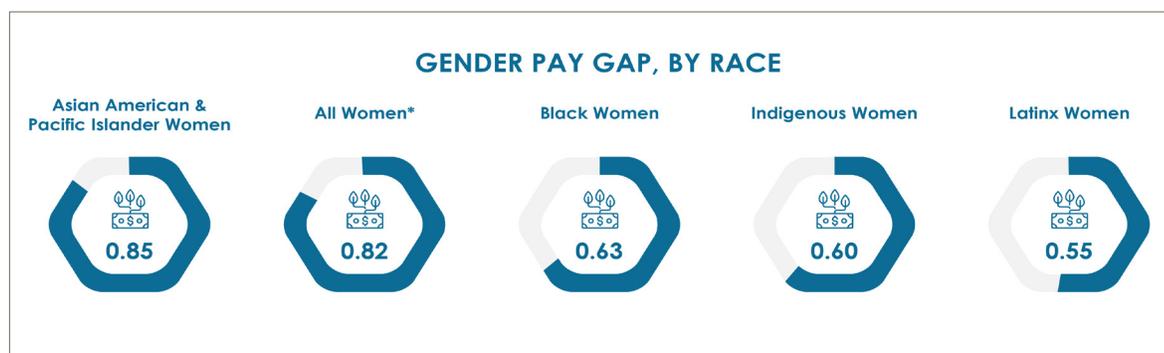
Equal Pay for Equal Work? Not Yet

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Pay equity is just one tool to assess gender and racial equity in a portfolio. But it is a useful practice around which investors can build engagement initiatives and evaluate a company's performance. This evaluation can be applied across sectors and asset classes.

The Equal Pay Act of 1963 mandated that men and women in the same workplace be given equal pay for equal work, yet women are still paid 82 cents for every dollar a man earns,¹ a disparity that is much worse for women of color. Based on 2019 U.S. Census data, Black women are paid 63 cents to every dollar a white man is paid, and Indigenous and Latinx women are paid 60 cents and 55 cents, respectively.² Though "equal pay for equal work" has been the law for decades, there are still substantial disparities in pay for full-time, year-round work.

Further, the COVID-19 pandemic will likely have a lasting effect on the pay gap, since more women than men dropped out of the workforce to care for families. According to a study by the Institute for Women's Policy Research, a woman who takes off for a single year will likely never catch up, earning less for up to 15 years after she returns to the workforce.³



*All U.S. women compared to all U.S. men
Source: Equal Pay Day Today 2021, based on 2019 U.S. Census Data

Representation along with pay equity, comprise a more holistic picture of a company's treatment of diversity, equity and inclusion. For example, on a team with 10 men and 1 woman, the woman may be paid the same compensation as her male colleagues. In this case, there is full pay equity but a stark lack of representation and, therefore, true equity is not achieved. Conversely, a team may offer impressive representation, but if all women and people of color (POC) are paid a fraction of their white male colleagues, then representation exists without pay equity, and again true equity is not achieved.

Magnified Effects on Women of Color

A study by the National Partnership for Women & Families showed if the wage gap was eliminated, a Black woman working full time would have enough money for more than 2.5 years of child care, more than 2.5 additional years of tuition and fees for a four-year public university, 153 more weeks of food for her family, 22 more months of rent and enough money to pay off student loan debt in just over one year.

Source: *Black Women and the Wage Gap*, National Partnership for Women and Families, March 2021.

¹ 5 Facts about the State of the Gender Pay Gap, Department of Labor, March 19, 2021. <https://blog.dol.gov/2021/03/19/5-facts-about-the-state-of-the-gender-pay-gap#:~:text=Women%20earn%2082%20cents%20for,for%20many%20women%20of%20color>

² Equal Pay Day Today 2021, based on 2019 US Census Data.

³ <https://iwpr.org/media/press-hits/whats-at-stake-this-november-pay-equity-show-me-the-money/>

To drive progress, investors should seek to understand how a company addresses gender and racial equity in representation and pay concurrently.

Glenmede has published extensive research around a more comprehensive approach to investing in gender equity and racial equity. To explore further, please reach out to us or visit [our website](#).

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