

Applying an Intersectional Investment Lens Across Gender and Race

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The past year has exposed the fault lines around gender and racial inequities in our workplaces, economy and communities. Investors interested in closing these disparities can explore a thematic investment focus on gender and racial equity, as well as the intersectionality between these two approaches. Intersectionality describes how various forms of inequality — across gender, race, sexual orientation, socioeconomic background and citizenship — can overlap, creating compounding experiences of oppression.¹ In this context, we explore how investors might consider both gender and race in their investment analysis, enabling their investment portfolios to uplift women and communities of color more effectively.²

Intersectionality across the investment process

Investors can seek to address gender and racial inequities across four aspects in their portfolios by:



1. Assessing the diversity of their investment managers and evaluating the extent to which they are investing in strategies owned and/or managed by women and people of color (POC).³
2. Investing in companies that have gender and racially diverse leadership and equitable practices in pay, promotion and hiring.
3. Exploring the underlying supplier diversity of companies in their portfolio.
4. Sourcing investment opportunities in companies whose products and services benefit women, girls and POC.

Applying the framework to pay equity

Pay equity is one practice around which investors can build engagement initiatives and assess company performance. This practice can be applied across sectors and asset classes.

Though the Equal Pay Act of 1963 mandated that men and women in the same workplace be given equal pay for equal work, women are still paid 82 cents for every dollar a man earns,⁴ 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.⁵

Applying the framework to representation

Representation is another crucial practice to assess alongside pay equity. Together, they comprise a more holistic picture of the company's commitment to diversity, equity and inclusion. For example, on a team with ten men and one 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 POC are paid a fraction of their white male colleagues, then representation exists without pay equity, and again true equity is not achieved. To drive progress, investors should seek to understand how a company addresses gender and racial equity in representation and pay concurrently.

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 UN Women. "Intersectional feminism: what it means and why it matters." <https://www.unwo+men.org/en/news/stories/2020/6/explainer-intersectional-feminism-what-it-means-and-why-it-matters>. July 1, 2020.

² Roy, Katica. "In tackling the country's biggest problems, Biden and Harris need to prioritize gender and racial equity." *Fortune*. December 17, 2020. <https://fortune.com/2020/12/17/joe-biden-kamala-harris-gender-equity-racial-equity-equal-pay-covid-climate-change/>

³ McKinsey & Company. "Closing the gap: Leadership perspectives on promoting women in financial services." <https://www.mckinsey.com/~media/McKinsey/Industries/Financial%20Services/Our%20Insights/Closing%20the%20gap%20Leadership%20perspectives%20on%20promoting%20women%20in%20financial%20services/Leadership-perspectives-on-promoting-women-in-financial-services.pdf>. September 2018.

⁴ "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.>

⁵ Equal Pay Day Today 2021, based on 2019 U.S. Census Data

GENDER PAY GAP, BY RACE

Asian American & Pacific Islander Women



All Women*



Black Women



Indigenous Women



Latinx Women



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

Action steps to get started

Following is a roadmap of action steps investors can take to start applying an intersectional investment lens in their portfolios:

Investment Manager	<ul style="list-style-type: none"> Consider adding diversity and inclusion goals to Investment Policy Statements. Request an assessment of the diversity of your managers, and set targets for women and POC managed funds. Request granular detail on the representation of women and POC across seniority levels and functions among your investment managers.
Portfolio Companies	<ul style="list-style-type: none"> Assess if underlying portfolio companies offer employees a "living wage." Assess policies benefiting women and POC within public companies: Does the company offer access to benefits including parental leave? Mentorship and advocacy programs? Are anti-harassment policies in place? Participate in investor statements and shareholder resolutions that demand a report on wage gaps and any measures the company is taking to close them. Review granular data around hiring, promotion and retention rates across female employees and employees of color.
Supply Chains	<ul style="list-style-type: none"> Assess if the company commits to inclusive procurement processes via supplier diversity programs. Seek data around the company's sourcing, including if it sets sourcing quotas from women- and POC-operated small businesses.
Products & Services	<ul style="list-style-type: none"> Determine if the fund manager invests in companies that produce products and services that benefit women and/or POC (e.g., financial inclusion tools, community colleges increasing access to education for marginalized communities, technology designed to help working mothers).

Our research goes deeper

Glenmede has published extensive research around a more comprehensive approach to investing in [gender equity](#) and [racial equity](#). Please reach out to us at SustainableAndImpactInvesting@glenmede.com.

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