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Pax Ellevate Global Women’s Leadership Fund: Investing Like a Feminist in the #MeToo Era

David Wesley and Professor Alexandra Roth wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Women with money and women in power are two uncomfortable ideas in our society.

Candace Bushnell[[1]](#endnote-1)

In June 2018, as Julie Gorte, senior vice-president for sustainable investing at U.S.-based Pax World Funds, skimmed the *Wall Street Journal*, a particularly provocative title caught her attention: “If You Want to Do Good, Expect to Do Badly.” “Investors are increasingly convinced that they can buy companies that behave better than the rest and make just as much money,” proclaimed journalist James Mackintosh. “They are wrong.” As proof, Mackintosh pointed to a recent 20 per cent increase in coal-mining stocks.[[2]](#endnote-2) Mackintosh was not alone in his criticism of ethical investing. In 1970, economist and Nobel laureate Milton Friedman wrote, in a now famous *New York Times* editorial:

Businessmen who talk [about corporate social responsibility] are unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades . . . . [Their] responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.[[3]](#endnote-3)

Gorte often referred to sustainable investing critics as “IQ vampires,” sucking the intelligence out of investors and fund managers with poorly researched arguments and biased examples. Mackintosh’s article was a perfect example. Coal had rebounded, but only after many coal-mining stocks had lost 90 per cent or more of their value, and they were being further helped by a president who promised to revitalize the coal industry.[[4]](#endnote-4) “It’s not going to last,” she thought.

In her role as a member of the portfolio management team of the Pax Ellevate Global Women’s Leadership Fund (Pax Ellevate), Gorte selected companies that were leaders in advancing women to leadership roles and that endorsed the United Nations (UN) Women’s Empowerment Principles. However, identifying companies that met these criteria was not always easy. For instance, the #MeToo movement had exposed systemic sexual harassment—not all of which could have been predicted—within many organizations. The effect of these disclosures had proven to be nothing short of disastrous for some companies, such as the Weinstein Company, which had filed for bankruptcy in February 2018. Gorte knew that such “black swan” events could jeopardize a fund’s standing with investors if they found that the fund had invested in companies like the Weinstein Company.[[5]](#endnote-5)

As Gorte put the *Wall Street Journal* aside and began to check her email, Pat Carter, her new research intern, knocked on the door.

“I understand you have a company that you want me to look at,” Carter said.

Gorte picked up a folder and handed it to Carter. “Here. Take a look at this and let me know what you think.”

“Is there anything in particular that I should be looking for?” Carter asked.

“You always have to make decisions based on what you know is imperfect knowledge,” Gorte replied. “Most sustainability reporting and nearly all reporting on gender is voluntary, and so it’s off the record.”

She advised Carter to look beyond equal opportunity policies, since “everybody has those things and they are not necessarily indicators of a company’s true culture. Just remember that planes don’t crash because something goes wrong; they crash because a lot of things go wrong.”

Background

Pax World Funds

It’s embarrassing to me personally as a church member . . . to find that my income and pensions depend on investments in corporations that produce things that kill people.

Luther Tyson[[6]](#endnote-6)

In 1971, United Methodist ministers Elliot “Jack” Corbett and Luther Tyson created Pax World Funds (Pax) after discovering that their church had invested $60 million in weapons companies.[[7]](#endnote-7) The fund, which became the first ethical investment fund in America, started with $100,000 from disgruntled church members who were looking for an ethical way to invest their retirement savings.[[8]](#endnote-8) The Latin name *Pax* (“peace”) reflected the fund’s principal objective: to avoid investing in companies that contributed to or manufactured weapons of war. At the time, the fund also declared that it would “invest in such areas as housing, education, pollution control, and health care . . . place up to 10 per cent of its assets in international development, and . . . give top consideration to companies with fair employment practices.”[[9]](#endnote-9)

The United Methodist Church was not the only Christian denomination to invest in weapons. In 1972, “protestant denominations [held] more than $200 million in stocks in 29 of the nation’s largest military contractors.”[[10]](#endnote-10) As word of the new fund spread, investors from a number of Christian denominations flocked to Pax. By 2003, Pax World Funds had more than $1 billion in assets under management.

The success of Pax inspired other investment companies to introduce ethical funds. However, among the hundreds of socially responsible investment (SRI) funds, many were socially responsible only in name. In 2004, the San Francisco–based Natural Capital Institute, an SRI-focused investment research organization, issued a scathing report of SRI funds, stating that “either the industry has to reform in toto (or rename itself), or that portion of the industry that wants to maintain credibility must break off from the pretenders and create an association with real standards, enforceability and transparency.”[[11]](#endnote-11) For example, the Sierra Club Mutual Funds had been presented as “an opportunity to ‘invest in our planet’s future.’” However, the report found that it held “no alternative-energy companies and no companies ‘that address the environment in an innovative or proactive way.’”[[12]](#endnote-12) Instead, its portfolios included “steakhouses and companies that make such inconsequential items as surge protectors or in other cases contribute to urban sprawl.”[[13]](#endnote-13)

In 2010, Pax became a signatory of the UN Global Compact and Women’s Empowerment Principles (see Exhibit 1). Four years later, Pax was among the first SRI investors to issue corporate social responsibility (CSR) reports that addressed the key areas of human rights, labour, environment, and anti-corruption. Finally, the company was a signatory of the Montreal Carbon Pledge, which required members to measure the climate impact of each company in their portfolios. The pledge not only encouraged signatories to avoid investing in coal and bitumen; it also encouraged companies to reduce their carbon footprints.

In January 2018, the United Kingdom–based Impax Asset Management Group (Impax) acquired the parent company of Pax World Funds, Pax World Management. Impax was founded in 1998 to focus on resource scarcity and environmental sustainability. The following year, it created the world’s first environmental technology stock index, the ET50. In 2014, Impax received the Queen’s Award for Enterprise in sustainable development. Following its acquisition of Pax World Management, Impax held nearly $14 billion in assets under management.[[14]](#endnote-14)

Feminist Movements

Women of the world unite . . . you have nothing to lose but your vacuum cleaners.

Betty Friedan[[15]](#endnote-15)

Sexism and sexual harassment in the workplace had been pervasive throughout modern history. In the West, feminists sought to address gender imbalances through periodic movements, beginning with the women’s suffrage movements of the late 19th and early 20th centuries. As a result of the suffrage movements, women won the right to vote, but they continued to face discrimination in the workplace.

Grace Hopper, a pre-eminent computer scientist, was a case in point. After earning her doctorate degree in mathematics from Yale University in 1934, she went on to publish the first computer manual in 1946; in 1959, she oversaw the team that created COBOL (Common Business-Oriented Language), a critical computer programming language that continued to be the foundation of most financial transactions worldwide. However, Hopper faced a lifetime of discrimination as she struggled to prove herself to be as worthy as her male peers.[[16]](#endnote-16)

When she tried to enrol in the U.S. Navy during World War II, Hopper was initially rejected because women were prohibited from serving as officers. When that prohibition was lifted a year later, Hopper’s first assignment was to work on the Mark I computer at Harvard University, where her supervisor complained about having a woman on the team despite the fact that her contributions were critical to the design and creation of the first atomic bomb. After the war, when her team was disbanded, her male colleagues were offered positions with Harvard University and the U.S. Navy, while she was deemed unemployable. Only the strongest intervention on her behalf by her male colleagues eventually allowed her to resume her leadership role in systems development, as an employee of the Eckert–Mauchly Computer Corporation. According to science historian Kurt Beyer, today’s male-dominated multibillion-dollar software industry would not exist without Hopper’s contributions.[[17]](#endnote-17)

Most women did not fare as well as Hopper. After the war, they were expected to marry and raise families. By the 1960s, observed Kira Cochrane, editor of *Women of the Revolution*, a “generation of housewives [faced] creeping fatigue, tranquilizer and alcohol abuse, [and] bleeding blisters that appeared suddenly on their arms, which doctors attributed not to the cleaning fluids they used constantly, but a deeper malaise.”[[18]](#endnote-18) In fact, the social standing of women in the West had declined in the 1960s compared with their position in the 1920s. Fewer women were pursuing higher education and careers, and women were marrying at an increasingly younger age. Then, in 1963, feminist Betty Friedan challenged existing social norms in her book, *The Feminine Mystique*, which sparked feminism’s “second wave.”[[19]](#endnote-19)

In 1966, Friedan and others founded the National Organization for Women (NOW), which fought to end workplace discrimination and supported reproductive rights. Over the next decade, women engaged in marches and strikes around the world, as new laws were enacted to prohibit pay discrimination, give women the right to own property, and permit access to contraception (see Exhibit 2).[[20]](#endnote-20) Some of the key laws enacted over the next decade included the U.S. *Equal Credit Opportunity Act*, which passed in 1974 and gave women the right to apply for credit, and the *Pregnancy Discrimination Act of 1978*, which prohibited employers from firing employees who became pregnant.[[21]](#endnote-21)

Despite the progress made by NOW and other women’s organizations, sexual harassment continued to be a pervasive problem. In a 1976 survey by *Redbook*, 90 per cent of respondents reported having experienced unwanted sexual advances at work.[[22]](#endnote-22) It wasn’t until 1980 that the Equal Employment Opportunity Commission officially outlawed sexual harassment in the United States, after several court cases “confirmed that a woman could sue her employer for harassment under Title VII of the 1964 *Civil Rights Act*.”[[23]](#endnote-23)

In 2007, the television drama *Mad Men*, set in 1960s Madison Avenue, reignited interest in gender inequality. Set in a world before feminism’s second wave, *Mad Men* portrayed an industry where men held nearly all positions of power. Although women in 2007 were in many ways more empowered than women in the 1960s, female viewers were reminded that they “still suffer[ed] from a lack of voice and respect.”[[24]](#endnote-24) In fact, a 2017 *Redbook* follow-up survey found that 80 per cent of respondents still experienced workplace sexual harassment.[[25]](#endnote-25)

The #MeToo Movement

Just as *Mad Men* was hitting the airwaves, activist Tarana Burke used the social network Myspace to initiate the #MeToo movement to help victims of sexual abuse. Burke was surprised at the positive response to her work—not only within her community but also nationally. Soon, donations and support began pouring in.

In 2017, several high-profile cases of sexual assault and harassment began to dominate the news, as dozens of women accused actor Bill Cosby and film producer Harvey Weinstein of harassment and rape. With media attention focused on these high-profile cases, actress Alyssa Milano posted the hashtag #MeToo on Twitter, starting a viral social media movement that encouraged hundreds of women and men to come forward with their stories of sexual harassment. The subsequent flood of stories uncovered pervasive institutional systems designed to protect powerful sexual predators by ignoring victims[[26]](#endnote-26) or paying settlements for non-disclosure agreements.[[27]](#endnote-27) The impact of the #MeToo movement proved to be disastrous for companies such as the Weinstein Company, which filed for bankruptcy in February 2018.

Although Burke was encouraged to see her once fledgling movement become a global phenomenon, she warned that harassment went far beyond celebrities, high-profile politicians, and executives:

For every R. Kelly or Bill Cosby or Harvey Weinstein, there’s, you know, the owner of the grocery store, the coach, the teacher, the neighbor, who are doing the same things. But we don’t pay attention until it’s a big name. And we don’t pay attention ’til it’s a big celebrity. But this work is ongoing, because this is pervasive.[[28]](#endnote-28)

In many fields, women continued to be underrepresented. The field of computer science, for instance, was originally developed by women such as Ada Lovelace, a British mathematician who wrote world’s first computer program in 1843, and Grace Hopper. “Computer science is one of the fastest-growing fields in the United States,” observed technology journalist Ava Kofman, yet “every year since 1984, the number of women in technology in the U.S. has decreased.”[[29]](#endnote-29)

Efforts to attract women to computer science and engineering were undermined by a general hostility toward female technologists. “There are so few women in places like computer sciences because of a long-standing, corrosive ‘bro’ culture,” observed Gorte. “That needs to change.”

Even at seemingly progressive companies such as Apple Inc. (Apple), Alphabet Inc. (the parent company of Google), and Facebook Inc., the proportion of women in the workforce hovered at around 30 per cent, and most of these women were employed in lower-level positions. In other technology sectors, such as cybersecurity, where women comprised 11 per cent of the workforce, harassment and discrimination were even more pervasive.[[30]](#endnote-30) At technology conferences, women attendees were outnumbered by “booth babes,” and harassment complaints were often dismissed by male organizers, who suggested that women who didn’t like the practice or the atmosphere didn’t have to attend.[[31]](#endnote-31)

After attending DEFCON, the world’s largest hacker and cybersecurity conference, programmer and activist Valerie Aurora replied to male organizers who trivialized harassment complaints:

When you say, “Women shouldn’t go to DEFCON if they don’t like it,” you are saying that women shouldn’t have all of the opportunities that come with attending DEFCON: jobs, education, networking, book contracts, speaking opportunities—or else should be willing to undergo sexual harassment and assault to get access to them.[[32]](#endnote-32)

Gorte believed that sexual harassment and gender discrimination went hand in hand. “You may think that women in leadership don’t have that much to do with sexual harassment, but harassment is really more about power than it is about sex.” She noted,

Our work is all aimed at righting the power imbalance. We file shareholder resolutions on gender pay equality; we got Apple to commit to that. Several other companies have at least gone part of the way. We vote against all-male boards. We vote against boards with a token woman on them. And we sent out letters afterwards telling them why.

Sometimes, Gorte became frustrated at the glacial speed of most organizations in closing the gender gap. For instance, in 2018, at the director level, just fewer than 17 per cent of board seats worldwide were held by women. Nevertheless, there were signs that this was beginning to change. In the Russell 3000 index of the 3,000 largest publicly traded funds, the number of boards with at least 40 per cent female representation was climbing each quarter, from 68 companies in the first quarter (Q1) of 2017 to 89 in Q1 2018. Moreover, for the first time in history, fewer than 20 per cent of companies had no women board members.[[33]](#endnote-33)

The Pax Ellevate Global Women’s Leadership Fund

Pax created the Pax Ellevate Global Women’s Leadership Fund (Pax Ellevate) in 2014 to further its mission of promoting labour rights through gender equality. The general principles of the fund corresponded with those of the UN Women’s Empowerment Principles. In addition, Pax developed its own gender-scoring model to measure company performance in leadership diversity (see Exhibit 3).

Gorte believed that gender diversity benefited company performance by improving decision-making and oversight. “Equality is a durable driver of value,” she explained:

There’s more and more interest, including in the mainstream investment world, in diversity. Not because women are better. Men are not evil. Diversity makes for better decision-making. So, a group of all-women 30-year-olds on a board will be just as bad as a group of all-men 60-year-olds on a board. What you need is diverse perspectives around the table so that you’re less subject to group-think.[[34]](#endnote-34)

Diversity could also mitigate potential risks, Gorte noted. As a member of Pax Ellevate’s portfolio management team, it was her job to identify and invest in companies that advanced women in leadership roles. In accordance with the fund’s slogan, “Invest Like a Feminist,” more than 91 per cent of companies in the fund had three or more women board members and an average of 29 per cent women in leadership roles. In 2017, Pax Ellevate had more than $200 million in assets, a 25 per cent one-year rate of return, and a three-year annual rate of return of 10 per cent.

Identifying companies that met the fund’s diversity criteria was a first step in promoting gender equity, but it was not the only one. Pax World Funds voted against all-male boards of directors in all of its funds. Since 2010, it had voted against more than 1,000 boards where women were underrepresented. It then sent letters to each of those companies explaining the reasoning behind the vote and offering suggestions for improving board diversity, which in some cases led to the appointment of female directors.

Heather Smith, lead sustainability research analyst at Impax, explained that diversity profiles were considered across all of the firm’s funds. “When we’re looking at companies, we’re looking at various environmental, social, and governance (ESG) factors, and diversity is certainly one of them.” In reviewing diversity factors, Smith asked the following questions: (1) What does the workforce look like? (2) What types of programs and policies does the company have in place? (3) Does the company have a history of discrimination or other diversity-related issues? (4) Is the company reporting on the effectiveness of these policies? (5) Is the company setting targets to improve? (6) Is it meeting these targets? and (7) Is compensation linked to diversity targets?

Pax engaged companies in its portfolios to further improve their metrics and reporting. For instance, it filed proposals with Apple, eBay Inc., and Amazon.com Inc., among others, asking them both to disclose gender pay gaps and to propose solutions to close these.

Conclusion

It was easy to measure and report on environmental metrics such as carbon emissions and water consumption. Similarly, company’s safety records often pointed to institutional problems that could lead to disaster: for example, British Petroleum Plc had reported numerous accidents and violations prior to the 2010 Deepwater Horizon disaster. In contrast, it was more challenging to monitor and understand social concerns, not only because these were hidden but also because they were harder to define.

As Carter began reviewing her assigned company, she remembered Gorte’s advice. “Nothing in finance works for more than a few minutes if it’s so simple anyone can understand it.” Gorte had explained in an article published in the *Huffington Post*:

Moreover, asking “is this a sustainable company?” is kind of like asking “is this a good investment?” The vast majority of the time, the answer won’t be a simple yes or no. That’s why we have a wide variety of asset pricing models and measures of portfolio performance and value: there’s no universally agreed-upon standard for what an undervalued company is, or the exact moment to invest in one. . . .

Sustainability is complex, and encompasses many aspects of corporate operation: environmental impact, treatment of the workforce, supply chain management, interaction with communities, and all the parameters of corporate governance. Many of those, by the way, are quantitative measures. While sustainability analysis doesn’t have the luxury of having as many numbers as financial analysis does, it’s important to remember the reason we have all those numbers in financial reporting: without them, companies can mislead, or at times even deceive, their investors into thinking things are better than they are.[[35]](#endnote-35)

Pax Ellevate used a number of resources to help understand sustainability risks, particularly those related to gender. The Global Women’s Leadership Index, created by the United Nations Development Program and benchmarking companies in the MSCI World Index,[[36]](#endnote-36) evaluated approximately 1,600 companies globally on five gender-leadership criteria: (1) the proportion of board members who were women, (2) the proportion of senior managers who were women, (3) whether or not the company had adopted and implemented the UN Women’s Empowerment Principles, (4) whether it had a female chief executive officer, and (5) whether it had a female chief financial officer.

Pax Ellevate also consulted Credit Suisse’s *Gender 3000* report, which provided gender metrics based on country, industry, sector, company size, and other characteristics.[[37]](#endnote-37) Finally, the CFA Institute launched initiatives that could be used to better quantify sustainability metrics—for example, the Integrity List and the Women in Investment Management Initiative.[[38]](#endnote-38) Other metrics included ESG sustainability standards. As with all Pax funds, investment in weapons and tobacco companies was prohibited.

From an initial pool of approximately 1,500 companies from the MSCI World Index, Pax Ellevate created an index of the top 400 companies in the world (see Exhibits 4 and 5).[[39]](#endnote-39) These companies were not only the most progressive in terms of gender equity but also had higher-quality earnings, a lower beta, and higher dividend payouts (see Exhibit 6). “That wasn’t something that we set out to create,” noted Gorte. “It was simply an emergent property of selecting the best companies for women.” Carter looked again at the documents in the folder and wondered how she should evaluate the company. What characteristics would make it suitable as an investment target for the fund?

Exhibit 1: UNited Nations Women’s Empowerment Principles (UNWEP)

Principle 1: Establish high-level corporate leadership for gender equality.

Leadership Promotes Gender Equality

* Affirm high-level support and direct top-level policies for gender equality and human rights.
* Establish company-wide goals and targets for gender equality and include progress as a factor in managers’ performance reviews.
* Engage internal and external stakeholders in the development of company policies, programmes and implementation plans that advance equality.
* Ensure that all policies are gender-sensitive—identifying factors that impact women and men differently—and that corporate culture advances equality and inclusion.

Company Examples

* An international mining group headquartered in the United Kingdom commissioned a resource guide on how to engage women and community groups as a major policy directive of its business operations.
* A company assessment at the highest level by a global accounting and consulting firm determined that the company was losing out on business by failing to attract and retain highly skilled female professionals, and on the basis of these findings, worked to change company culture and policies through leadership and board involvement.
* The leadership of an East Asian apparel manufacturer implemented an integrated, comprehensive approach to women’s empowerment through programs recognizing female employees’ accomplishments and supporting women’s advancement in the company through wide-ranging education, training, and safety initiatives.

Principle 2: Treat all women and men fairly at work—respect and support human rights and nondiscrimination.

Equal Opportunity, Inclusion, and Nondiscrimination

* Pay equal remuneration, including benefits, for work of equal value and strive to pay a living wage to all women and men.
* Ensure that workplace policies and practices are free from gender-based discrimination.
* Implement gender-sensitive recruitment and retention practices and proactively recruit and appoint women to managerial and executive positions and to the corporate board of directors.
* Assure sufficient participation of women—30% or greater—in decision-making and governance at all levels and across all business areas.
* Offer flexible work options, leave and re-entry opportunities to positions of equal pay and status.
* Support access to child and dependent care by providing services, resources, and information to both women and men.

Company Examples

* To retain and attract more qualified women, an Eastern European microfinance group initiated a broad-based data collection and analysis exercise, and followed up with recommendations on the treatment of its female employees.
* In an effort to close gender-based pay gaps, a global insurance group dedicated €1.25 million over three years.
* A large financial services company in Australia offers a parental leave policy that provides a total of two years parental leave for the primary caregiver, which can be taken flexibly, rather than on a full-time basis.
* To support diversity and inclusion, a multinational steel company established a special committee comprising management and women workers that identifies concerns of female employees and, in response, organizes trainings and programs.

EXHIBIT 1 (CONTINUED)

Principle 3: Ensure the health, safety and well-being of all women and men workers.

Health, Safety, and Freedom from Violence

* Taking into account differential impacts on women and men, provide safe working conditions and protection from exposure to hazardous materials and disclose potential risks, including to reproductive health.
* Establish a zero-tolerance policy towards all forms of violence at work, including verbal and/or physical abuse, and prevent sexual harassment.
* Strive to offer health insurance or other needed services—including for survivors of domestic violence—and ensure equal access for all employees.
* Respect women and men workers’ rights to time off for medical care and counseling for themselves and their dependents.
* In consultation with employees, identify and address security issues, including the safety of women travelling to and from work on company-related business.
* Train security staff and managers to recognize signs of violence against women and understand laws and company policies on human trafficking, labour, and sexual exploitation.

Company Examples

* Building on a company-initiated study to determine the economic benefits to companies of employee health awareness, a large apparel company partners with health education professionals to offer employee training on reproductive and maternal health, disease prevention, and access to care.
* Recognizing the need to support working parents, a Kenyan communications company offers free on-site day care and an in-house physician, in addition to comprehensive medical coverage that includes prenatal and postnatal care.
* Two Spanish companies offer victims of domestic violence job placement services specifically tailored to their needs to ease transition to the workplace.
* A Sri Lankan apparel manufacturer demonstrates its commitment to creating and maintaining a safe and healthy work environment—and recognition of the differential needs of its female and male employees—through a range of targeted policies and programs, including special care for pregnant employees and systematic risk assessments and monitoring of its plants, processes, and equipment.

Principle 4: Promote education, training and professional development for women.

Education and Training

* Invest in workplace policies and programmes that open avenues for advancement of women at all levels and across all business areas, and encourage women to enter nontraditional job fields.
* Ensure equal access to all company-supported education and training programmes, including literacy classes, vocational and information technology training.
* Provide equal opportunities for formal and informal networking and mentoring.
* Articulate the company’s business case for women’s empowerment and the positive impact of inclusion for men as well as women.

**EXHIBIT 1 (CONTINUED)**

Company Examples

* To open opportunities for women’s career advancement in information technology (IT) fields, a US-based multinational technology company maintains strategic partnerships with women’s organizations in many of the countries where it operates, to promote education and training and recognize women’s accomplishments in IT.
* A large European airline company reaches out to youth through education projects to break down the barriers that traditionally limit women to certain jobs in the industry and men to others.
* A large financial services company in Australia offers numerous initiatives aimed at supporting women in business, including an online platform to help Australian women connect with other women in business internationally to share information, research, and career advice.
* A Chinese international transport company established special employee committees to identify and design programs and information tailored to the distinct needs and interests of female workers.

Principle 5: Implement enterprise development, supply chain and marketing practices that empower women.

Enterprise Development, Supply Chain, and Marketing Practices

* Expand business relationships with women-owned enterprises, including small businesses, and women entrepreneurs.
* Support gender-sensitive solutions to credit and lending barriers.
* Ask business partners and peers to respect the company’s commitment to advancing equality and inclusion.
* Respect the dignity of women in all marketing and other company materials.
* Ensure that company products, services, and facilities are not used for human trafficking and/or labour or sexual exploitation.

Company Examples

* Recognizing the expanding role of women entrepreneurs, a large United Kingdom-based bank launched specialized financial services, microfinance opportunities, and business loans and also provides an online resource centre for women entrepreneurs running small and medium-sized enterprises.
* A Swedish manufacturer helps women producers of raw materials in developing countries to trade directly with the manufacturer, thus improving their income by reducing the number of intermediaries in the supply chain.
* To make the scope of violence against women visible to an international public, a global advertising company partnered with a United Nations organization to develop a public awareness campaign using television and the Internet.

Principle 6: Promote equality through community initiatives and advocacy.

Community Leadership and Engagement

* Lead by example—showcase company commitment to gender equality and women’s empowerment.
* Leverage influence, alone or in partnership, to advocate for gender equality and collaborate with business partners, suppliers, and community leaders to promote inclusion.
* Work with community stakeholders, officials, and others to eliminate discrimination and exploitation and open opportunities for women and girls.
* Promote and recognize women’s leadership in, and contributions to, their communities and ensure sufficient representation of women in any community consultation.
* Use philanthropy and grants programmes to support company commitment to inclusion, equality, and human rights.

**EXHIBIT 1 (CONTINUED)**

Company Examples

* A large international cosmetics company launched and sold products to raise funds for community-based organizations working to end domestic violence around the world.
* A multinational mining company with operations in Ghana implemented a gender mainstreaming program to encourage female employees to assume greater responsibility within the mine and connect to the local community.
* A United States-based multinational apparel manufacturer awards grants to community-based organizations to empower women in localities where it does business.

Principle 7: Measure and publicly report on progress to achieve gender equality.

Transparency, Measuring and Reporting

* Make public the company policies and implementation plan for promoting gender equality.
* Establish benchmarks that quantify inclusion of women at all levels.
* Measure and report on progress, both internally and externally, using data disaggregated by sex.
* Incorporate gender markers into ongoing reporting obligations.

Company Examples

* A mid-sized Israeli fashion company became the first of its size in Israel to voluntarily publicize a social and environmental responsibility report reflecting its commitment to gender equality.
* A Spanish financial institution publicizes its commitment to equal opportunity and inclusion on its website and regularly undergoes external equality diagnostics validated by an autonomous government body.
* A South African mining company includes a detailed breakdown of employment by gender and race per occupational level in its sustainability reporting.
* Two Australian companies—one banking, one consulting—use the seven Women’s Empowerment Principles as a gender equality report guide.

Note: € = euro; US$1 = €0.88 on March 20, 2019.

Source: Created by the case authors, principles based on “Women’s Empowerment Principles – Equality Means Business,” United Nations, accessed July 30, 2018, www.un.org/en/ecosoc/newfunct/pdf/womens\_empowerment\_principles\_ppt\_

for\_29\_mar\_briefing-without\_notes.pdf.

**Exhibit 2: Timeline of Gender Progress in the United States**

|  |  |
| --- | --- |
| 1889 | Anna Bissell, CEO of the Bissell Sweeper company, became the first female CEO in America. |
| 1920 | The 19th Amendment to the Constitution granted women the right to vote. |
| 1922 | Activist Rebecca Felton of Georgia became the first woman elected to the US Senate. |
| 1924 | Nellie Tayloe Ross of Wyoming became the first female state governor. |
| 1966 | Betty Friedan and others founded the National Organization for Women. |
| 1972 | Katharine Graham, CEO of the *Washington Post,* became the first woman to head a Fortune 500 company. |
| 1974 | The *Equal Credit Opportunity Act* granted women the right to apply for credit. |
| 1975 | First Women Bank Limited opened in New York City. |
| 1978 | The *Pregnancy Discrimination Act* prohibited firing employees for pregnancy. |
| 1980 | The Equal Employment Opportunity Commission prohibited workplace sexual harassment. |
| 2007 | Activist Tarana Burke created the Me Too movement. |
| 2014 | The Pax Ellevate Global Women’s Leadership Fund was created. |
| 2017 | #MeToo went viral on social media after Alyssa Milano and other celebrities told their stories of sexual harassment and rape. |
| 2018 | Film producer Harvey Weinstein was arrested on charges of rape after dozens of women accused him of sexually predatory behaviour.  Actor Bill Cosby was convicted on three counts of sexual assault. |

Note: CEO = chief executive officer

Source: Created by the case authors.

**Exhibit 3: Women’s Index Methodology**

Beginning Universe: MSCI World Index

* The Beginning Universe is evaluated and ranked by the Impax Gender Analytics Team, consisting of the Senior Vice President Sustainable Investing, Vice President Sustainable Investing and the three analysts on the Sustainability Research Team. The ranking is a proprietary score based on multiple criteria of gender leadership, including:
* Representation of Women on Boards of Directors;
* Representation of women in executive management;
* Woman CFOs;
* Woman CEOs; and
* Whether they are signatories to the Women’s Empowerment Principles.

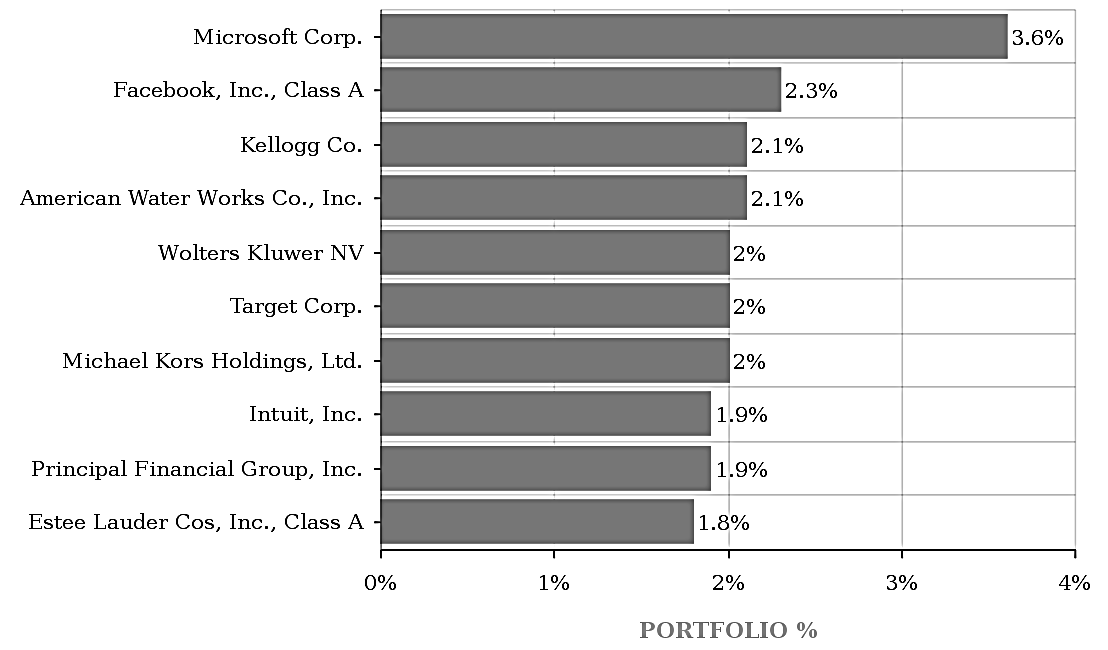
These factors are given different weights with the first two receiving the highest weights. The final gender ranking is calculated by blending the scores over the last three years to capture consistency of gender leadership. The scores are blended in a ratio of 3:2:1, with current year receiving 50% of the weight, prior year 33% and two years prior 17%.

To help reduce turnover, any current index constituents that scored better or the same on all indicators in the gender scoring model in prior year are again included in the Women’s Index, regardless of their rank in the scoring model.

* After the stocks are ranked, the Beginning Universe is evaluated by the Impax Gender Analytics Team to assess the companies against the Impax Gender Analytics Team’s environmental, social and governance (“ESG”) standards. Certain companies shall be removed if the company’s products or operations are inconsistent with the Impax Gender Analytics Team’s ESG standards.
* Constituents are presented to the Impax Gender Analytics Team along with proprietary evaluation and analytics of characteristics and index turnover. The Impax Gender Analytics Team shall approve the final constituent list.
* The list of index securities is provided to the Calculation Agent who then performs a calculation based on market capitalization, resulting in the Women’s Index.

Note: CFOs = chief financial officers; CEOs = chief executive officers

Source: Excerpted from Impax Asset Management LLC and Pax Ellevate Management LLC, *Joint Pax Global Women’s Leadership Index Policies and Procedures*, accessed August 29, 2018, https://paxworld.com/assets/pdfs/pax-ellevate-fund/index\_methodology.pdf?pwm=4175.

**Exhibit 4: Pax Ellevate Global Women’s Leadership Fund Top 10 Holdings  
(As of June 30, 2018)**

Source: Company documents.

**Exhibit 5: Pax Ellevate Fund Company Examples**

**Salesforce.com, Inc.**

Salesforce is a customer relationship management company, which engages in the provision of enterprise software.

* Women comprise 36 per cent of Salesforce’s executive team and 25 per cent of its board of directors.
* Salesforce was among the first companies in the U.S. to publicly commit to pay equity. The company conducts regular compensation assessments and is committed to closing any unexplained pay gaps. Following its most recent analysis, the company spent $2.7 million to adjust pay for 6 per cent of employees globally. Salesforce is a member of the Employers for Pay Equity coalition and a signatory to the Paradigm for Parity pledge.
* To ensure leadership is engaged in the firm’s diversity efforts, Salesforce created a diversity scorecard, which is sent to its executive team on a monthly basis with their diversity numbers and progress.

**Sodexo SA**

Sodexo SA engages in the provision of on-site services, benefits and rewards services, and personal and home care services.

* Women comprise 50 per cent of Sodexo’s board of directors and 25 per cent of its executive committee.
* Sodexo has set a goal to increase women at its senior leadership level to 40 per cent by 2025. The company chose its target based on the results of a gender-balance study it conducted in 2014, which found that teams with a male-to-female ratio between 40 per cent and 60 per cent consistently delivered the best results.
* Sodexo’s Women’s Leadership Forum for Talent (SWIFT) seeks to develop Sodexo’s women’s leadership pipeline through mentoring, sponsorship, active promotion, and advocacy. The primary goal is to help high-potential women advance into senior positions with profit-and-loss (P&L) responsibilities, as well as operational and facilities roles.

**Accenture Plc**

Accenture is a professional services company serving clients in various industries and in geographic regions including North America, Europe, and growth markets such as India and Brazil. The company provides management and technology consulting services.

* Women comprise nearly 33 per cent of the company’s board of directors.
* Accenture is a signatory to the UN Women’s Empowerment Principles and was among the first companies to endorse the White House Equal Pay Pledge.
* Accenture has set a goal to achieve a gender-balanced workforce by 2025 and to increase the percentage of women managing directors to 25 per cent by 2020. In 2016, to help create more rigor around diversity hiring, Accenture put in place objectives for its leaders across its businesses. Additionally, the company changed its interview process so that all candidates get to know more members in the executive ranks.

Source: Company documents.

**Exhibit 6: Pax Ellevate Fund—Key Statistics**

**Risk Statistics (as of June 30, 2018)**

|  | **Value** |
| --- | --- |
| Standard Deviation | 9.01 |
| Alpha | 0.11 |
| Beta | 0.89 |
| R-Squared | 96 |

**Portfolio Statistics (as of June 30, 2018)**

|  | **Value** |
| --- | --- |
| Assets (all share classes) | $227,871,959 |
| Number of Holdings (all) | 399 |
| Turnover Ratio  (December 31, 2016) | 56 |

Source: Company documents.

**endnotes**

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