



# RETURN ON EQUALITY

Investment opportunities that help close the global gender gap



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BNY Mellon and the UN Foundation wish to thank all of the interviewees, reviewers, colleagues, and experts for their insightful feedback and recommendations, as well as McKinsey & Company for providing research support and analysis.

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# Executive summary

Achieving gender equality is essential as a matter of justice and human rights—and it also unleashes a range of positive economic and development outcomes. While women and girls have made significant gains in the past decade in terms of education, health, economic participation, and political leadership, gender equality has yet to be attained in many critical areas, and at the cost of substantial and unrealized social and market benefits. In fact, the McKinsey Global Institute estimates that narrowing the global gender gap could add **US \$12 trillion** in annual gross domestic product.<sup>1</sup>

The urgent need to close the gender gap was underscored in September 2015 with the establishment of the 17 Sustainable Development Goals (SDGs), which were adopted by 193 Member States of the United Nations and defined an ambitious global and universal sustainable development agenda. SDG 5 is dedicated exclusively to achieving gender equality and empowering all women and girls.

Bridging the global gender gap will require leadership and investment by the public and private sectors. In particular, institutional and individual investors have both a significant market opportunity to realize and a unique role to play in accelerating the advancement of women and girls. To date, private investment for financial return that simultaneously supports gender equality goals (commonly known as “gender-lens investing”) has typically taken the form of investing in women-led businesses and investing in companies that promote gender diversity in their workplaces. Increased focus is needed on a third, less-common type of gender-lens investing: investing in companies that advance gender equality through their product and service offerings.

The need for such offerings is clear, both in developing and developed markets. Globally, 1.7 billion women still do not own a mobile phone<sup>2</sup> and 1.1 billion women are unbanked<sup>3</sup>—both major barriers to pursuing and benefiting from economic opportunities. Every day, women around the world spend 200 million hours collecting water to

sustain their families due to inadequate infrastructure<sup>4</sup>—hours they could otherwise invest in education, gainful work, or leisure. Approximately 225 million women have an unmet need for modern contraception, preventing them from determining the number, spacing, and timing of births that best align with their aspirations for themselves and their families.<sup>5</sup> Of course, these are not simply supply-side issues. Women’s access to and usage of products and services is shaped by prevailing social and gender norms, as well as constraints on women’s mobility and control over assets—obstacles that must be addressed to ensure women realize the full benefit of product and service offerings.

Many of these challenges are disproportionately faced by women in low- and middle-income countries, but women in high-income countries are also disadvantaged by product and service offerings that fail to reach them or meet their needs, often due to deeply rooted gender biases in product design, market segmentation, and marketing. For instance, among women who have financial advisers, 67 percent stated in a recent survey that their financial adviser does not understand them or is not interested in their needs or goals.<sup>6</sup>

In addition to the moral imperative of closing the gender gap, the potential market impact is likewise substantial, creating significant opportunities for investors. In fact,



CLOSING THE GENDER GAPS IN ACCESS TO PRODUCTS AND SERVICES IN THE **WATER, CONTRACEPTION, TELECOMMUNICATIONS, ENERGY, AND CHILD CARE** SECTORS COULD UNLOCK **\$300 BILLION** IN INCREMENTAL ANNUAL SPENDING BY 2025.

achieving parity across products and services in just five sectors—water, contraception, telecommunications, energy, and child care—could unlock a market of more than US \$300 billion in incremental annual spending by 2025.

Investors, asset managers, and companies can seize the opportunity to advance gender equality and drive financial returns by taking these initial steps:

### **Institutional investors**

Incorporate a products-and-services approach into existing gender-lens investing and environmental, social, and governance (ESG) investing strategies.

### **Individual investors**

Shift investments toward companies that offer products and services that support gender equality, focusing on companies that have committed to quantifiable goals or measures.

### **Asset managers**

Create new funds and financial instruments for institutional and individual investors focused on companies offering products and services that support gender equality.

### **Companies**

Assess the gender equality impact of the company's business strategy and current operations, such as the gender mix of the customer base. Assess whether and how the company's products and services can evolve in new ways that promote gender equality, and measure and report progress against targets to help communicate the company's potential social impact to investors and consumers alike.

By investing in companies offering products and services that promote gender equality, investors can earn the "return on equality," seizing profitable, under-tapped market opportunities. Given how the use of products and services shapes the health outcomes, livelihoods, and opportunities of billions of women on a daily basis, this investment approach has the potential to help advance gender equality at scale.

# Gender equality is a critical driver of sustainable development

In September 2015, 193 United Nations Member States adopted the SDGs as a universal action plan to end poverty, protect the planet, and ensure prosperity for all by 2030. The SDGs advance a truly global agenda, spanning developed and developing countries alike and requiring the leadership of the public, private, and social sectors. Delivering on the SDGs would have an impact on billions of lives while driving trillions in spending by governments, companies, and individuals. The Business & Sustainable Development Commission estimates that achieving the SDGs could unlock over US \$20 trillion in new business opportunities.<sup>7</sup> See the appendix for the full set of SDGs, as well as specific targets for SDG 5 on gender equality.

SDG 5, “Achieve gender equality and empower all women and girls,” was designed with a singular focus on the rights and needs of women and girls. While it exists as its own dedicated goal, gender equality is also an essential precursor to many of the other SDG aspirations, which are mutually reinforcing. Indeed, women’s empowerment has multiplier effects on a wide array of areas essential to sustainable development, including hunger, nutrition, and food security (SDG 2); health and well-being (SDG 3); and education (SDG 4). For instance, the Food and Agriculture Organization of the United Nations (FAO) estimates that if women had the same access to productive resources as men (land, livestock, financial services, agricultural

information, etc.), women’s increased productivity could raise agricultural yields by 20 to 30 percent overall, lifting 100 million to 150 million people out of hunger.<sup>8</sup> And higher educational attainment and literacy rates among women are associated with lower rates of early and/or forced marriage, increased use of modern contraception,<sup>9</sup> and lower levels of stunting among children.<sup>10</sup>

Gender equality also supports inclusive economic growth, reduces income inequality,<sup>11</sup> and bolsters overall gross domestic product (GDP) growth (SDGs 1 and 8). Though women constitute half of the planet’s talent pool, they contribute only 37 percent of global GDP.<sup>12</sup> The McKinsey Global Institute estimates that the world economy could gain up to US \$12 trillion in annual GDP by 2025 by narrowing the global gap between men and women in the areas of labor force participation, hours worked, and the sector mix of employment in order to reach a “best in region” scenario (in which countries match the rate of improvement of the best-performing country in their region). Such a gain would represent an 11 percent boost to GDP above a business-as-usual scenario—a tremendous advance in the span of less than a decade.<sup>13</sup> A “full-potential” scenario (in which women participate in the economy identically to men) would add up to US \$28 trillion to annual global GDP in 2025—26 percent more than a business-as-usual scenario.<sup>14</sup>

**SUSTAINABLE  
DEVELOPMENT  
GOAL 5:  
ACHIEVE GENDER  
EQUALITY AND  
EMPOWER ALL  
WOMEN AND GIRLS**

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# The opportunity for private investors

Accelerating progress toward gender equality will require significant investment on the part of public and private investors. The United Nations and others have established a foundational framework for sustainable investing, and plans for financing the SDGs are underway. Private investors are increasingly considering sustainability and social impact within their investment strategies—including gender equality (see sidebar, “The growing field of sustainable investing”).<sup>15</sup>

The field of gender-lens investing has the dual goal of delivering financial returns to investors while advancing gender equality. It has typically taken the form of investing in women-led businesses and investing in companies

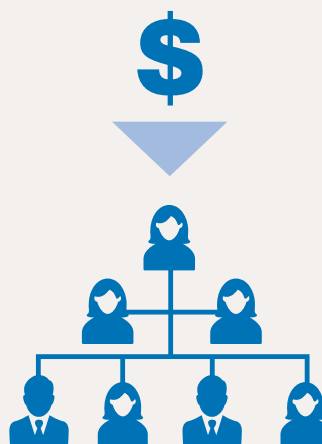
that promote gender diversity in their workplaces. But there is a third, less-common approach to gender-lens investing that represents a large opportunity for investors: investing in companies that advance gender equality outside their four walls, via the products and services they offer to the market. This type of gender-lens investing has the potential to not only significantly advance gender equality globally but also deliver financial returns to private investors. All three forms of gender-lens investing can be incorporated into a variety of investment vehicles, including index funds and exchange traded funds (ETFs), venture capital and private equity opportunities, and innovative financing structures such as private debt vehicles.

## The three types of gender-lens investing

**INVESTING IN  
GENDER-DIVERSE  
COMPANIES**



**INVESTING IN WOMEN-  
OWNED/WOMEN-  
LED ENTERPRISES**



**INVESTING IN COMPANIES  
WHOSE PRODUCT OR  
SERVICE OFFERING HELPS  
ADVANCE GENDER  
EQUALITY**



The examples below illustrate the four primary ways in which companies' product and service offerings can promote gender equality.

## 1 Supporting women's economic advancement and agency

Qatari telecom company Ooredoo is expanding ownership of mobile phones among women with targeted distribution strategies and women-focused apps, enabling women to leverage technology in accessing market opportunities and financial services. Within the financial services sector, savings accounts that freeze deposits through a commitment feature (whereby the funds are only to be used for certain purposes) have been shown to improve women's decision-making authority in the household.<sup>16</sup>

## 2 Giving women greater freedom in how they spend their time

Spring Health, an Indian company, uses an innovative point-of-sale purification and distribution model to sell affordable drinking water to low-income families, helping to reduce the hours that women and children spend on water collection every day. Such forms of unpaid labor are disproportionately performed by women, and the reduction of that labor can free up time for women to invest in education, employment, or leisure.

## 3 Improving women's health and safety

Merck & Co., Inc., known as MSD outside of the United States and Canada, a leading global manufacturer of contraceptive implants, significantly reduced prices of the method in the most poorly resourced countries with highest need, expanding access and options for millions of women. Merck's approach to reproductive health is growing markets and achieving scale efficiency, helping to optimize and sustain its business in the long term.

## 4 Reducing bias and reshaping gender norms

American software provider Unitive is automating résumé screening and HR processes to reduce gender bias, helping employers to ensure that talent is not overlooked due to unconscious bias.

Companies are pursuing these opportunities to generate profit and reach new markets. They are also increasingly responding to the demands of a more socially conscious consumer base (see sidebar, "Companies take action on the Sustainable Development Goals"). As companies increasingly incorporate considerations of social impact into their product strategy, investors can respond to—and advance—this trend through tailored investment strategies.



**GLOBALLY, 1.7 BILLION WOMEN STILL DO NOT OWN A MOBILE PHONE AND 1.1 BILLION WOMEN ARE UNBANKED—BOTH MAJOR BARRIERS TO PURSUING AND BENEFITING FROM ECONOMIC OPPORTUNITIES.**

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## THE GROWING FIELD OF SUSTAINABLE INVESTING

Private individual and institutional investors have considered ESG factors in their investment strategies for years, supported by growing evidence that ESG factors, when integrated with investment analysis and portfolio construction, can offer investors potential long-term performance advantages.

The field is growing rapidly. According to the Forum for Sustainable & Responsible Investment, the number of US investment funds incorporating ESG criteria:

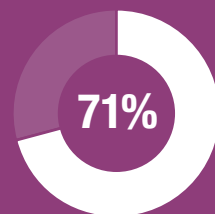
increased  
**28 percent**  
from 2012 to 2014,

and their assets quadrupled to  
**US \$4.3 trillion.**<sup>17</sup>

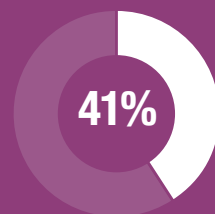
## COMPANIES TAKE ACTION ON THE SUSTAINABLE DEVELOPMENT GOALS

Many companies are already incorporating the SDGs into their business strategies.

Among surveyed businesses around the world:



say they are planning how they will engage with the SDGs, and



report they will embed the SDGs into their strategy and the way they do business within five years.<sup>18</sup>

Companies that promote sustainable development reap consumer benefits:



of global online consumers surveyed across **60 countries** said that they are willing to pay more for products and services provided by companies that are committed to positive social and environmental impact.<sup>19</sup>



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# The potential social and financial impact

A significant number of women around the world have unmet needs for products and services, from basic survival supports (such as water and energy) to more advanced technology products.

Highlighted on the next page are just five sectors among the many that affect women through their products and services (others include financial services, transportation, consumer packaged goods, and media and entertainment). In these five example sectors alone, the McKinsey Global Institute estimates that the market impact of gender equality–focused products and services could top US \$300 billion in incremental annual opportunity by 2025. Increasing the reach of these products and services will have three types of impact:

## 1 SOCIAL IMPACT

The empowerment effects on women and girls, ranging from improved health outcomes to hours saved doing unpaid work.

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## 2 CONSUMER IMPACT

The total current unmet need of women to reach usage levels at parity with men (mobile phone ownership), meet women’s needs for family-oriented products and services (contraception and child care), or fully cover basic needs for both men and women (access to water and energy) that will have a disproportionate impact on women’s unpaid labor burden.

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## 3 MARKET IMPACT

The incremental spending on private-sector products and services in 2025, assuming the needs described in the consumer segment are met. Of course, some of this spending may go to public-sector providers in addition to private companies, such as in the case of water provision.

The graphic on page 9 illustrates a small subset of companies currently offering pro–gender equality products and services. This collection is far from exhaustive and is meant to inspire investors by bringing to life the types of companies that they might consider integrating into their investment strategies.

# The market potential of gender equality

Just five sectors represent a potential US \$300 billion annual opportunity by 2025

## Social impact

Impact on gender equality of closing unmet need

140 million

women could have more business or employment opportunities

## Consumer impact

Current total unmet need

### Telecommunications

200 million

fewer women than men own mobile phones globally

## Market impact

Potential incremental annual market opportunity in 2025

US \$20 billion

in incremental annual spending in the mobile industry

52 million

unintended pregnancies could be prevented annually

### Contraception

225 million

women have an unmet need for contraception

US \$5 billion

in incremental annual spending in the healthcare industry

1,750

hours could be saved annually that the average woman currently spends on unpaid work, including child care\*

### Child care

290 million

children under the age of three lack access to child care

US \$140 billion

in incremental annual spending to increase child care enrollment of children under the age of three to 30 percent

73 billion

hours could be saved annually that women and children currently spend on water collection

### Water

663 million

people do not have access to clean water

US \$80 billion

in incremental annual capital and operating spending to achieve access in line with SDG goals

680

hours could be saved annually for each girl who collects wood, dung, or other polluting fuel for household use

### Energy

1.2 billion

people lack electricity in their households

US \$40 billion

in annual capital spending to ensure access to electricity in line with SDG goals

\* 1,750 hours includes all unpaid work, covering child care, routine housework (including water and firewood collection), shopping, household-related travel, etc. In addition to unpaid work dedicated to child care, women often provide child care while engaged in other household activities. With formal child care, women could divert some of this time to economic, education, or leisure pursuits.

Source: Analysis by the McKinsey Global Institute

# A global gender lens: Examples of companies that advance gender equality through their products and services

## QATAR

### Ooredoo

Telecom provider Ooredoo is targeting women consumers with apps to share health information and block unwanted callers.

## UNITED KINGDOM

### Vodafone

Telecom company Vodafone has set a target of providing 50 million women with cell connectivity by 2025.

## COLOMBIA

### Fem Taxi

Fem Taxi is a female-only taxi service (both drivers and passengers) designed to reduce harassment and assault.

## UNITED STATES

### WorthFM

Financial adviser WorthFM offers saving and investment products developed specifically for women.

## FRANCE

### HRA Pharma

HRA Pharma develops reproductive health products such as emergency contraception and intrauterine devices (IUDs) and supports distribution to underserved markets.

## UNITED STATES

### Care.com

Care.com is a global online marketplace in 19 countries that connects households with caregivers, shifting unpaid care work to paid employment.

## UNITED STATES

### Pfizer and BD

The companies developed an innovative delivery system technology for the contraceptive DMPA. The new product called Sayana® Press has helped expand access to injectable contraceptives in underserved areas of the world.

## INDIA

### Spring Health

Spring Health uses an innovative point-of-sale purification and distribution model to sell affordable drinking water to low-income families, helping cut down the hours that women and children spend on water collection every day.

## MEXICO

### Pink Taxi

Pink Taxi provides female-only taxis equipped with GPS and alarm buttons to notify emergency services.

## SOUTH AFRICA

### 1st for Women

Insurance provider 1st for Women offers financial products tailor-made for women and donates a portion of premiums to women's causes.

## NIGERIA

### Wise Eco Stove

Wise Eco is a low-cost manufacturer of clean cooking stoves, which reduce the burden of firewood collection on women.

## UNITED STATES

### Unitive

Software provider Unitive is automating the résumé screening and HR process to reduce gender bias.

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# The current state of the product-and-services approach to gender-lens investing

As the exhibit on page 8 demonstrates, there are opportunities across many sectors to steer investment toward companies whose products and services support the advancement of women and girls. A handful of gender-lens investors are already emphasizing products and services in their investment strategy, largely focused on investment in privately held companies.

## Investment in privately held companies is at the forefront

One example is IIX (Impact Investment Exchange Asia)—a financial intermediary that focuses on social enterprises and economic development—which launched the Women’s Livelihood Bond. The bond is liquid and tradable, providing individual investors with access to debt in privately held, women-owned enterprises. These enterprises include ones focused on providing clean energy that reduces women’s unpaid care burdens, electronic payment systems that support women’s economic empowerment, and financial service providers who promote women’s access to credit. Proceeds from these bonds are lent to the impact enterprises (mission-driven for-profits or revenue-generating nonprofits) and to microfinance institutions that benefit women.

Similarly, the global nonprofit Women’s World Banking launched a private-equity partnership to make direct investments in women-focused financial institutions. The investees offer a broad range of products, including savings, insurance products, and pensions, to meet women’s financial needs.

Another example is Rethink Impact, a venture capital fund that focuses on companies with women in management

roles that create impact across a range of areas, including healthcare, education, sustainability, and economic empowerment. Rethink Impact’s investments include Neurotrack, the developer of the first-ever digital test for Alzheimer’s, which is a disease that disproportionately affects women (more than two-thirds of Americans with Alzheimer’s are women)<sup>20</sup> and Seedling, a company working to make physical and digital STEM toys that appeal to both girls and boys.

## Limited focus on publicly held companies to date

Investors in publicly held companies are less represented in this space, as there are few investment vehicles today that focus on public companies with pro-gender equality products and services. For the most part, investors interested in publicly held companies tend to approach gender-lens investing through a focus on public companies that are advancing gender diversity and equality within their four walls; there are a variety of index funds, actively managed funds, and public debt funds that take this approach today.<sup>21</sup>

As more data become available on the extent to which public companies are supporting gender equality through their product and service offerings, investors will have increasing opportunities to integrate this lens into their investment strategy. For instance, Bloomberg launched the Financial Services Gender-Equality Index in 2016 to measure gender equality in the financial services sector, addressing the paucity of gender equality data available. The index includes 7 metrics (of 47 total) related to companies’ product offerings, such as whether they track their client base by gender and retention of women clients.

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# Critical enablers of the products-and-services approach

To increase investment in companies that support gender equality through their products and services, all stakeholders (investors, asset managers, civil society organizations, and the companies themselves) need to address three critical enablers: establishing standardized metrics, creating new investment vehicles across asset classes, and demonstrating market-rate returns. Of course, these enablers are not unique to this type of gender-lens investment—they are common challenges across the field of sustainable investing. However, nuances unique to gender equality, particularly regarding metrics and investment vehicles, will require tailored solutions.

## 1 Establish standardized metrics to evaluate whether and how much companies' products and services advance gender equality

Investors are looking for rigorous, standardized data to quantify the social impact of potential investments. In other forms of gender-lens investing, investors can consider standardized, easily quantified metrics such as the ownership stake of women, the number of women on the board, and the number of women in senior management roles. However, there are few standardized metrics to evaluate the social impact of companies offering pro-gender equality products and services. The creation of such metrics will require careful consideration of a few challenging questions: Not all offerings targeted at women consumers necessarily advance gender equality, so how can investors determine which ones do? How much of a company's total portfolio of offerings needs to be pro-gender equality to qualify? And how should a company's stated goals for supporting gender equality be weighed in the absence of demonstrated, measurable impact?

**Call to action:** The investment community, companies, or civil society organizations—or a partnership among these stakeholder groups—should develop a single, standardized set of metrics and reporting standards to measure the

impact of a company's products and services on gender equality. These metrics can then be built into companies' existing infrastructure for social impact metrics and reporting, and they will help drive consistency, accountability, and transparency. Because it takes time for the social impact of a product or service to be realized, in the short term companies will most likely report on their actions, such as number of women served. In the long term, civil society organizations focused on gender equality can contribute their expertise in measurement and evaluation to help companies track the social impact of their actions in a more rigorous way, potentially coordinated across the sector.<sup>22</sup> For a more detailed analysis, see sidebar, "What are the right metrics?"

## 2 Create new investment vehicles across asset classes focused on the products-and-services approach

Asset managers must create the investment vehicles for this investment approach to be viable. Investors and companies also have an important role to play by embedding this approach in their investment and business strategies, respectively.

**Call to action:** **Institutional investors** can work with investment advisers to reevaluate their current approach to sustainable investing, and gender-lens investing in particular. They can expand their current approach to incorporate companies promoting gender equality through their products and services, and they can work with investment advisers to determine which financial instruments are available to deliver on this strategy.

**Individual investors** can discuss new approaches to gender-lens investing with their financial advisers. In the short term, this could take the form of investing based on a company's stated goals to support gender equality via

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their products and services. Over the long term, individual investors could shift investments toward new investment vehicles that become available, such as index funds focused on pro–gender equality products and services.

**Institutional asset managers** can test demand among various investor segments for a focus on companies that offer pro–gender equality products and services. They can develop new products for both institutional and individual investors that focus on these companies and incorporate the products-and-services approach into existing gender-lens investment vehicles.

**Venture capital and private equity firms and investors** can consider whether their current investment approach covers the full spectrum of ways that companies affect gender equality, including through the products and services they offer. They can then develop new funds focused on companies with offerings that help advance gender equality.

**Companies** can assess the role of women in their business strategy, including the gender mix of their customer base and the extent to which their products are tailored to the needs of women and marketed to women. They can also set ambitious goals for the gender equality impact that their company has through its products and services, and they can define metrics to measure their impact. All of these efforts should be communicated widely to the investment community to enable interested investors to identify companies that align with their investment strategy.

### 3

#### **Demonstrate market-rate returns from the products-and-services approach to gender-lens investing**

As with other forms of sustainable investing, such as those focused on the environment or community economic development, investors need to be confident that they can earn market-rate returns or better through the products-and-services approach to gender-lens investing. For investors bound by fiduciary duty, this question takes on even greater significance.<sup>23</sup>

The financial case for gender-lens investing is starting to take shape; for instance, MSCI, an independent provider of research and tools for institutional investors, has studied the correlation between financial returns and gender diversity and found a positive relationship—a promising initial finding, even if not evidence of causality.<sup>24</sup> As discussed previously, there is a significant business opportunity for companies offering products and services that support gender equality—at least US \$300 billion across just five sectors. However, specific analyses will be needed over time to demonstrate that investment in such companies generates attractive, risk-adjusted returns.

**Call to action:** There is a significant need for research to quantify the financial performance of companies with pro–gender equality products and services. Actors within the investment community, such as asset managers or investment consultants, could be well-positioned to spearhead this research.

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## WHAT ARE THE RIGHT METRICS?

The development of standardized metrics for tracking company performance is key to unlocking increased investment flows. The Business & Sustainable Development Commission has called for the creation of corporate “Global Goal Benchmarks” for company performance on all the SDGs, including gender equality, assessed by an independent institution.<sup>25</sup>

Companies can use a variety of metrics to measure and track their impact on gender equality through their products and services. Investors, or a standard-setting institution, could use the metrics below to compare gender equality performance within and across sectors, and they could supplement these with company-specific metrics as available. This is not an exhaustive list of metrics, nor does it include metrics that typically support the other types of gender-lens investing such as those focused on gender equality and gender diversity within a company, including ratio of men to women in the workforce and the proportion of senior leaders who are women.

Metrics can measure (1) activities—what companies are doing to develop and market pro-gender equality products and services, and/or (2) outcomes—the expected impact that the products and services have on gender equality, based on intended use. The focus of these metrics should be retrospective reporting, and companies seeking to access this type of gender-lens investment should report on both kinds of metrics. In addition, these companies should track progress against a long-term goal such as increasing women clients’ savings by a certain percentage within the next 10 years.

### Example metrics for company actions

- **Number of women consumers.** Increase in the number of women who use their products and services, such as the number of first-time mobile phone owners who are women.
- **Incremental R&D budget.** Increase of R&D investment in products and services that help promote gender equality; for example, amount spent on R&D to develop more effective and affordable contraceptive methods.
- **New product innovation for women consumers.** Rollout of new products that disproportionately impact women, such as online platforms for accessing emergency child- and elder-care services.

### Example metrics for social impact

- **Increase in women’s economic participation.** Evidence of having enabled women to access economic opportunities and increase their control over resources and assets; for example, number of women with new savings accounts and increases in their savings rates, proportion of women hired after implementation of a gender-blind résumé-screening tool.
- **Decrease in unpaid labor.** Quantified shift of the time women spend on unpaid work to time spent on paid work, education, or leisure through a reduction in household labor.
- **Improvement in women’s health outcomes.** Reduction in incidence of lung cancer, child pneumonia, and burns due to use of clean cookstoves.

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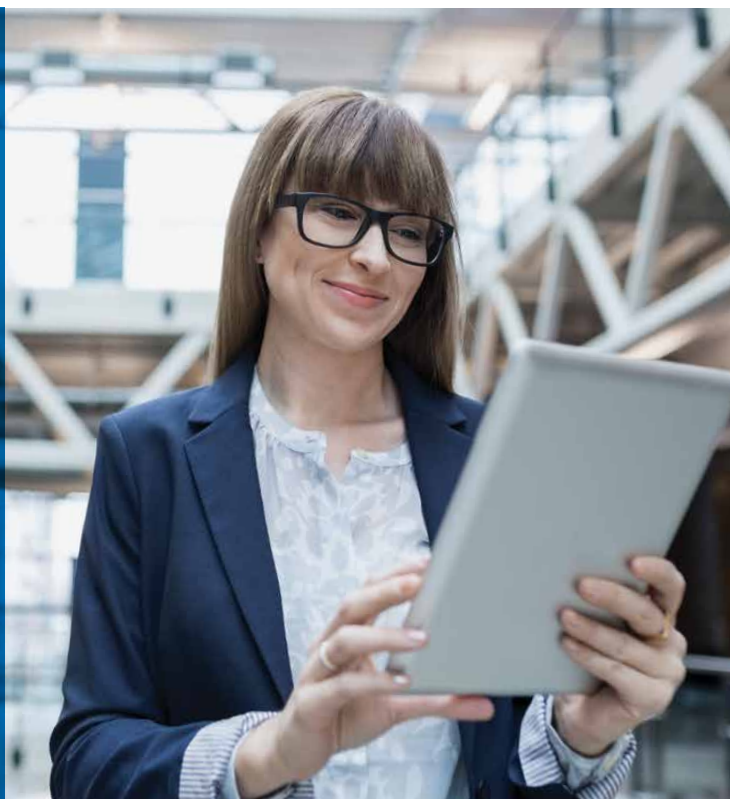
# The long-term key to success: Independent third-party evaluation and certification

As gender-lens investing gains greater traction, the investor community's approach to screening and selecting companies that promote gender equality through their products and services will evolve. As more investors want to participate, they will demand increased transparency and accountability—and there are limitations to what company self-reporting can provide. This may create the opportunity for third-party assessment, providing investors with a more rigorous and robust input to their screening of prospective investment targets. Such assessment could be formalized as a voluntary certification program orchestrated by an independent group that would provide recognition to companies that have demonstrated achievement of certain standards of social impact, similar to the EDGE Global Gender Equality Certification.<sup>26</sup>

There are three key advantages to the third-party evaluation approach. First and foremost, it removes the concern of divulging proprietary business strategy to competitors, allowing a broader range of companies to participate. Second, it improves comparison and helps establish benchmarking norms across companies and sectors. Third, it increases accountability for companies to perform against a standardized set of metrics. However, as discussed above, success will require a common set of gender equality impact metrics developed collaboratively among investors, companies, and civil society.

TRANSPARENCY  
AND ACCOUNTABILITY  
WILL BE INCREASED  
BY THIRD-PARTY  
ASSESSMENTS OF THE  
GENDER EQUALITY  
IMPACT COMPANIES  
HAVE THROUGH  
THEIR PRODUCTS AND  
SERVICES.

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# Realizing the return on equality: A vision for the future

Despite the inherent value of advancing the status of women and girls as a matter of justice and human rights, deep and pervasive gender inequalities persist around the world, in developed and developing countries alike. The potential economic and development gains from gender equality are vast and well-documented—and yet they are currently being bypassed. Expanding the focus of gender-lens investing to include products and services has the potential to make an impact on billions of women while simultaneously advancing efforts to reach the ambitious goal the global community has set to achieve gender equality and empower all women and girls by 2030. With the potential for market impact at US \$300 billion annually in just five sectors, the opportunity for companies—and subsequently for investors—to innovate in this area is vast. Investors, asset managers, and companies can commit today to reevaluate their current investment strategies and take action to earn the return on equality.

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THOUGH WOMEN CONSTITUTE **HALF** OF  
THE PLANET'S TALENT POOL, THEY CONTRIBUTE  
ONLY **37 PERCENT** OF GLOBAL GDP.



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# Appendix A: “The market potential of gender equality” sources and assumptions

## Telecommunications



### Social impact

Impact on gender equality of closing unmet need

In seven of eight countries surveyed, at least 70 percent of female mobile phone owners responded “agree” or “strongly agree” to the statement “I have more business and/or employment opportunities” when asked about the benefits of mobile phones (n=303 to 735 across countries).

These seven countries included Colombia, the Democratic Republic of the Congo, India, Indonesia, Kenya, Mexico, and Niger. In Jordan, 39 percent responded “agree” or “strongly agree.”

Source: *Bridging the Gender Gap: Mobile Access and Usage in Low and Middle-Income Countries*, GSMA Connected Women, 2015

Figure assumes that 70 percent of all women who do not own a mobile phone today would have more business and employment opportunities if they owned a phone.

### Consumer impact

Current total unmet need

An estimated 200 million fewer women than men own mobile phones globally.

Source: *Bridging the Gender Gap*, GSMA

### Market impact\*

Potential incremental annual market opportunity in 2025

US \$50 billion revenue opportunity for mobile network operators in 2020 of bridging the gender gap in ownership and usage in low- and middle-income countries, incremental to business-as-usual 2020 revenue.

Source: *Bridging the Gender Gap*, GSMA

Assuming incremental revenue generated from closing the gender gap grows at the overall industry rate after the gap is closed in 2020, estimated incremental revenue in 2025 would be US \$52 billion over business-as-usual revenue.

## Contraception



Among the 225 million women who have an unmet need for contraception, 52 million unintended pregnancies could be prevented annually, leading to:

- 21 million fewer unplanned births
- 70,000 fewer maternal deaths
- 500,000 fewer newborn deaths
- 52 million fewer healthy years of life lost

Source: *Adding It Up: The Costs and Benefits of Investing in Sexual and Reproductive Health*, Guttmacher, 2014

“Unmet need” includes women who want to avoid a pregnancy but are currently using no method or a traditional contraceptive method.

Modern contraceptive methods include hormonal implants, intrauterine devices (IUDs), female and male sterilization, hormonal pills and injectables, male and female condoms and other supply methods, and modern methods of periodic abstinence (the Standard Days Method and TwoDay Method).

Gap includes women in the developing regions of Africa, Asia, and Latin America and the Caribbean, excluding Australia, Japan, and New Zealand.

Source: *Adding It Up*, Guttmacher

Fully meeting the need for modern contraceptive services would cost an incremental US \$5 billion more than is currently spent and may involve both public and private sector.

- Supplies: US \$2.3 billion required vs. current US \$1.3 billion spent
- Health worker salaries: US \$1.2 billion required vs. current US \$0.7 billion spent
- Program and systems costs: US \$6.0 billion required vs. current US \$2.1 billion spent

Source: *Adding It Up*, Guttmacher

\* Estimates are in 2014–2016 US dollars, depending on data availability.

## Child care



### The social impact

Impact on gender equality of closing unmet need

Estimated hours that women spend annually on unpaid work, including child care (women aged 15–64).

Includes all unpaid work, covering child care, routine housework, shopping, household-related travel, etc. In addition to unpaid work dedicated to child care, women often provide child care while engaged in other forms of unpaid work.

Source: OECD Gender Data Portal, 2014

### The consumer impact

Current total unmet need

Gap in child care is defined as children under the age of three who are not enrolled in child care.

Source: Jonathan Woetzel, et al., *Delivering The Power of Parity: Toward a More Gender-Equal Society*, McKinsey Global Institute, May 2016

### The market opportunity\*

Potential incremental annual market opportunity in 2025

Spending in 2025 required to increase child care enrollment from 18 percent global average today to 30 percent by 2025, incremental to 2015.

Per-unit costs calculated using current public expenditure data as a share of GDP and current enrollment rates.

Countries with enrollment above 30 percent continue with today's enrollment rates. This percentage was chosen as the target benchmark because developed countries such as Australia, Canada, Germany, and the United States currently have enrollment in the range of 28–32 percent.

Source: Jonathan Woetzel, et al., *Delivering The Power of Parity*

## Water



Women and children spend an average of 200 million hours a day collecting water globally. Aggregated annually, women and children spend 73 billion hours globally on water collection.

Source: *Water for Women*, WaterAid, 2015

An estimated 663 million people do not use improved drinking sources, including piped water on premises (piped household water connection located inside the user's dwelling, plot, or yard).

Other improved drinking water sources: public taps or standpipes, tube wells or boreholes, protected dug wells, protected springs, rainwater collection.

Source: *Progress on Sanitation and Drinking Water: 2015 Update and MDG Assessment*, UNICEF, World Health Organization, 2015

Estimate includes total annual capital, capital maintenance, and operating spending required to provide a safely managed water supply (on-plot, continuous, and safe) to all unserved populations by 2030.

Source: *The Costs of Meeting the 2030 Sustainable Development Goal Targets on Drinking Water, Sanitation, and Hygiene*, World Bank, 2016

## Energy



Girls in households that cook with polluting fuels were found to spend an average of 18 hours a week gathering fuel compared with 5 hours a week in those that use clean fuels.

Polluting fuels include biomass (wood, dung, crop residues, and charcoal), coal (including coal dust and lignite), and kerosene. Clean fuels include electricity, liquified petroleum gas (LPG), piped natural gas (PNG), biogas, solar, and alcohol fuels.

Estimate assumes that households switch from polluting to clean fuels, and girls' fuel collection time reduces from 18 to 5 hours per week.

Based on data for 30 countries across Africa, Asia, Central America, Eastern Europe, and the Middle East.

Source: *Burning Opportunity: Clean Household Energy for Health, Sustainable Development, and Wellbeing of Women and Children*, World Health Organization, 2016

Today, 1.2 billion people currently do not have access to electricity in their homes.

Source: *World Energy Outlook 2016—Electricity Access Database*, International Energy Agency, 2016

The International Energy Agency estimates that with appropriate policies, universal access to electricity could be achieved by 2030 with additional annual investment of \$35 billion (in 2008 US dollars), incremental to spending in 2009; includes capital expense and household operating expense.

Source: *World Energy Outlook 2016—Electricity Access Database*, International Energy Agency, 2016

Original data in 2008 dollars (US \$35 billion) was adjusted for inflation to 2016 dollars.

\* Estimates are in 2014–2016 US dollars, depending on data availability.

# Appendix B: Sustainable Development Goals (SDGs)

Through their adoption of the SDGs, 193 United Nations Member States established a universal action plan to end poverty, protect the planet, and ensure prosperity for all by 2030. The 17 goals are:



**Goal 1:** End poverty in all its forms everywhere



**Goal 2:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture



**Goal 3:** Ensure healthy lives and promote well-being for all at all ages



**Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



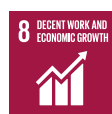
**Goal 5:** Achieve gender equality and empower all women and girls



**Goal 6:** Ensure availability and sustainable management of water and sanitation for all



**Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy for all



**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



**Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



**Goal 10:** Reduce inequality within and among countries



**Goal 11:** Make cities and human settlements inclusive, safe, resilient and sustainable



**Goal 12:** Ensure sustainable consumption and production patterns



**Goal 13:** Take urgent action to combat climate change and its impacts



**Goal 14:** Conserve and sustainably use the oceans, seas and marine resources for sustainable development



**Goal 15:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



**Goal 16:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



**Goal 17:** Strengthen the means of implementation and revitalize the global partnership for sustainable development



**THE GLOBAL GOALS**  
For Sustainable Development

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# Appendix C: SDG 5. Achieve gender equality and empower all women and girls

Gender equality aspirations are embedded in many SDGs, but SDG 5 is the dedicated gender equality goal. The targets of SDG 5 are:

## 5.1

End all forms of discrimination against all women and girls everywhere

## 5.2

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

## 5.3

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

## 5.4

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 as nationally appropriate

## 5.5

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

## 5.6

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 and the Beijing Platform for Action and the outcome documents of their review conferences

## 5.a

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, in accordance with national laws

## 5.b

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

## 5.c

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



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# Endnotes

- <sup>1</sup> Estimate reflects 15 indicators of gender equality across 95 countries that were used to assess how far the world needs to advance on a range of dimensions that are key to achieving the economic potential of women. Estimate assumes all countries would match the momentum of the fastest-improving country in their region. Jonathan Woetzel et al., *The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth*, McKinsey Global Institute, September 2015.
- <sup>2</sup> *Bridging the Gender Gap: Mobile Access and usage in Low- and Middle-Income Countries*, GSMA, 2015.
- <sup>3</sup> Asli Demircug-Kunt et al., *The Global Findex Database 2014: Measuring Financial Inclusion around the World*, Policy Research Working Paper 7255, World Bank Group, April 2015.
- <sup>4</sup> *Water for Women*, United Nations, 2015, [http://www.unwater.org/fileadmin/user\\_upload/worldwaterday2015/docs/Water%20For%20Women.pdf](http://www.unwater.org/fileadmin/user_upload/worldwaterday2015/docs/Water%20For%20Women.pdf).
- <sup>5</sup> Modern contraceptive methods include hormonal implants, intra-uterine devices (IUDs), female and male sterilization, hormonal pills and injectables, male and female condoms, other supply methods, and modern methods of periodic abstinence (the standard days method and two-day method). *Adding It Up: The Costs and Benefits of Investing in Sexual and Reproductive Health*, Guttmacher, 2014.
- <sup>6</sup> Survey of men and women who have at least US \$100,000 in income annually or at least US \$500,000 in investable assets in China, Hong Kong, India, Singapore, the United Kingdom, or the United States. Sylvia Ann Hewlett et al., *Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth*, Center for Talent Innovation, 2014.
- <sup>7</sup> Estimate reflects US \$12 trillion in potential business opportunities from the biggest market “hot spots” within four key sectors (food and agriculture, cities, energy and materials, health and well-being) as well as an additional US \$8 trillion in potential revenue from a conservative scaling of opportunities within other SDG-relevant sectors including communication technologies, education, and consumer goods, *Better Business, Better World*, Business & Sustainable Development Commission, January 2017.
- <sup>8</sup> *The State of Food and Agriculture: 2010–2011*, FAO, 2011.
- <sup>9</sup> Woetzel et al., *The Power of Parity*.
- <sup>10</sup> *Teaching and Learning: Achieving Quality for ALL*, UNESCO, 2013–14.
- <sup>11</sup> Christian Gonzales et al., *Catalyst for Change: Empowering Women and Tackling Income Inequality*, International Monetary Fund, October 2015.
- <sup>12</sup> Woetzel et al., *The Power of Parity*.
- <sup>13</sup> Estimate combines 15 indicators of gender equality across 95 countries to assess how far the world needs to advance on a range of dimensions that are key to achieving the economic potential of women. Estimate assumes all countries would match the momentum of the fastest-improving country in their region. Woetzel et al., *The Power of Parity*.
- <sup>14</sup> Woetzel et al., *The Power of Parity*.
- <sup>15</sup> Some of this work is detailed in the United Nations' *Principles for Responsible Investing*, the UN Global Compact's Catalyzing Financial Innovation initiative, and *Better Business, Better World*, Business & Sustainable Development Commission, January 2017.
- <sup>16</sup> Nava Ashraf et al., *Household Decision Making and Savings Impacts: Further Evidence from a Commitment Savings Product in the Philippines*, Economic Growth Center, Yale University, June 2006.
- <sup>17</sup> Ben Steverman, “Sustainable investing is booming. Is it smart?” *Bloomberg*, October 21, 2015.
- <sup>18</sup> *Make It Your Business: Engaging with the Sustainable Development Goals*, Pricewaterhouse Coopers, 2015.
- <sup>19</sup> *The Sustainability Imperative: New Insights on Consumer Expectations*, Nielsen, October 2015.
- <sup>20</sup> Beth Newcomb, “Why Does Alzheimer's Disease Affect More Women than Men?” *University of Southern California News*, September 21, 2016.

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<sup>21</sup>Examples include index funds (Pax Ellevest Global Women's Impact Fund, RobecoSAM Global Gender Equality Impact Equities Strategy) as well as actively managed funds (Morgan Stanley Matterhorn Group's Parity Portfolio).

<sup>22</sup>For example, the Global Impact Investing Network has developed IRIS metrics, a catalog of widely accepted reporting metrics for social and environmental impact.

<sup>23</sup>As advanced in the 2005 United Nations Environment Programme (UNEP) legal framework report, environmental, social, and governance (ESG) factors must be taken into account when there is an agreement among beneficiaries to do so and when they are expected to have material impact on financial performance. ESG factors may also be taken into account to differentiate between equally attractive investments.

<sup>24</sup>Linda-Eling Lee et al., *Women On Boards: Global Trends In Gender Diversity On Corporate Boards*, MSCI, November 2015.

<sup>25</sup>*Better Business, Better World*, Business & Sustainable Development Commission, January 2017.

<sup>26</sup>EDGE (Economic Dividends for Gender Equality) is an assessment methodology and business certification standard for gender equality designed to help companies not only create an optimal workplace for women and men but also benefit from it. The methodology uses a business approach that incorporates benchmarking, metrics, and accountability into the process. It assesses policies, practices, and numbers across five different areas of analysis: equal pay for equivalent work, recruitment and promotion, leadership development training and mentoring, flexible working, and company culture.





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INDIVIDUAL AND INSTITUTIONAL INVESTORS BOTH HAVE A SIGNIFICANT MARKET OPPORTUNITY TO REALIZE AND A UNIQUE ROLE TO PLAY IN ACCELERATING THE ADVANCEMENT OF WOMEN AND GIRLS.





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