

IMPACT CAPITAL STRATEGIES

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Gender and the State of the Union

When we decided to tackle the topic of gender as an ICS investment newsletter theme it was hard to imagine where to begin. This moment feels as if millions of tiny ripples accumulating over time have recently created a wave of epic proportions. We can't help but wonder if these tidal changes felt the same during the suffragette movement in the 1920s or when Jimmy Carter signed the Equal Rights Amendment into law. Could it be possible that women felt empowered and close to equal ground with their male counterparts so long ago only to have that progress falter for not including all women or for succumbing to the inevitable backlash when those in power strike back. We are not historians but we do respect learning from the past and from that perspective we are striving to keep this powerful societal disruption moving forward for all of us.

2017 DC Women's March

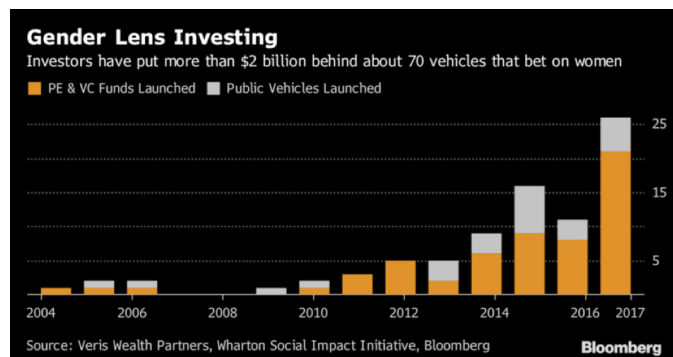


Jon's wife, Becky, and daughter, Lila.

Steve's wife, Alice, and daughter, Dahlia

A complete financial empowerment of women is long overdue. Equal pay for equal work sounds like something you would learn in pre-k and never have to revisit again. In America women earn 79 cents to each man's dollar*. This basic lack of equity creates distress and instability in the workforce and supports a culture of male dominance that is not healthy in families, business or in government. Each day the news provides numerous examples of women taken advantage of in the workplace while also being left behind due to a boys-club culture that values sameness over diversity.

While most of the news focuses on the negative, there are many examples of companies stepping up to tackle this historic injustice. One example is Salesforce which now reviews compensation using a gender-lens to determine what female employees are paid versus their male counterparts. The company has spent millions of dollars over the past few years to raise employee wages to parity using this gender-lens and they have pledged to continue this annual exercise. At Impact Capital Strategies we are impressed by the academic studies that show that gender diversity on corporate boards and in the C level suite result in better overall operations and more profitable companies. Using financial resources to help solve real world issues is part of what we do on a daily basis.



* Gender Pay Inequality, Consequences for Women, Families and the Economy - Joint Economic Committee, United States Congress April 2016

Save the Date! Please join us on Thursday, April 26 for an open discussion on how we can apply a gender lens when we invest and how those investment strategies can change organizational behavior and advance gender equality in the workplace – be they movie studios, network news rooms, corporate C-suites, factory floors or the Halls of Congress.

Please contact Steve Badt at Steve@ImpactCapitalStrategies.net or 202-844-3552 for more details and to RSVP.

LOCAL NONPROFIT SPOTLIGHT

We recognize the work of two nonprofit organizations working effectively on gender equality in the DC and Boston areas. Please support these and other organizations working on the front lines towards a better future.

- **The Washington Area Women's Foundation** helps build pathways out of poverty for women and their families. Since 1998, it has awarded nearly \$11 million in grants to more than 170 community-based organizations in the Washington, D.C. region and helped women increase their assets and income by more than \$45 million. <https://thewomensfoundation.org>
- **The Boston Women's Fund** is a progressive foundation that supports community-based organizations and grassroots initiatives run by women and girls in order to create a society based on racial, economic and social justice. It strives for a world free of racism, poverty, sexism and other oppressions. <http://bostonwomensfund.org/about-us/>

Investing with a Gender-Lens

Impact Capital Strategies has followed the academic study of gender-lens investing since it was introduced over ten years ago as a potential investment theme. Study after study has shown that companies that are led by both men and women do as well or better than companies that do not have the same level of diversity. While supporting companies that are more diverse is a socially responsible goal itself, the fact is that having more women in leadership positions brings definitive value to investors and should be a metric in which companies are evaluated. Many of the mutual funds we utilize have led the charge in bringing more diversity to boards by filing shareholder resolutions to create change at the corporate level. These resolutions are an important tool that individual stockholders have to make change business by business.

While foundations and endowments have been using gender-lens criteria for private investments for years the retail investor now has more recent investment options available. Many Americans discussed the Fearless Girl statue that faced the Wall Street Bull in 2016 but few were aware the statue was part of a marketing effort for a new exchange traded fund that was launching. It was not the first of its kind either as currently three separate fund families have offerings that focus on gender as an investment theme. While each fund is slightly different in style, they all require companies to either be led by women or to have a certain percentage of women on the board of directors. Lack of gender diversity becomes a negative screen that leaves out companies that do not meet the stated criteria.



"The best part of Trump's year in office: Empowered Women."
J.D. Crowe 1-22-2018, from politicalcartoons.com



Global water issues discussed at most recent office event in October 2017 with industry leaders Lenore Reiner (far left) and Stu Dalheim (far right) from Eaton Vance.

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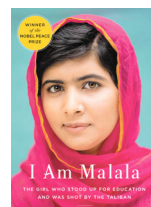
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IMPACT BOOK OF THE MOMENT



I Am Malala
by Malala Yousafzai

💡 INVESTMENT SPOTLIGHT: *Board Diversity and Gender Pay Proposals*

Perhaps unsurprisingly, in 2017 the number of board diversity and gender pay gap proposals reached an all-time high. This increase demonstrates that shareholders are feeling empowered to take on these issues and use their power to make change.

Board Diversity

Thirty-five proposals calling for the adoption of a policy on board diversity or a report on steps to increase board diversity were submitted in 2017 as compared to 28 proposals submitted in 2016. As in 2016, a substantial number of board diversity proposals were withdrawn, due to commitments made by companies to the proponents of these proposals, such as adopting board recruitment policies inclusive of race and/or gender.

Two board diversity proposals submitted in 2017 received majority support, compared to one in 2016. One of the successful proposals was submitted by the City of Philadelphia Public Employees Retirement System to Cognex Corp. requesting that the company's board adopt a policy for "improving board diversity [by] requiring that the initial list of candidates from which new management-supported director nominees are chosen . . . should include (but need not be limited to) qualified women and minority candidates." Cognex Corp. had no women on its board of directors. The proposal received 62.8% of votes cast.

Gender Pay

Approximately 19 proposals submitted in 2017 concerned the gender pay gap, compared to 13 such proposals submitted the prior year. Among the 19 proposals were 17 resolutions requesting reports on the gender pay gap (two of which also requested a report on any race or ethnicity pay gaps), one proposal requesting evidence that no gender pay gap exists, and one proposal requesting disclosure of the number of women at each compensation percentile. The proposals calling for a report on the gender pay gap include seven proposals submitted to financial institutions and credit card companies requesting a report on whether the company has a "gender pay gap," the size of the gap, and its policies and goals to reduce the gap.

*Harvard Law School Forum on Corporate Governance and Financial Regulation
Shareholder Proposal Developments During the 2017 Proxy Season
<https://corpgov.law.harvard.edu/2017/07/12/shareholder-proposal-developments-during-the-2017-proxy-season>