



As ESG investing continues strong growth, where do gender lens equity funds fit in?

Net inflows to U.S. ESG funds saw record growth of US\$21.5 billion in the first quarter of 2021, followed by strong growth of US\$17.5 in the second quarter. Where does gender lens investing (GLI) fit into the ESG landscape? GLI is seen as a thematic ESG investment strategy. Within GLI, global and regional gender lens equity funds grew from a wide body of research demonstrating the performance and other benefits of higher women in leadership (WIL). How well do gender lens equity funds reflect an ESG approach? By definition, the WIL investment philosophy captures the G of ESG, relationships with internal stakeholders. Our [analysis](#) shows that many GLI funds and indexes also capture an element of the S, relationships with external stakeholders, through a focus on supplier diversity, human rights exclusions, and product safety. In terms of capturing the E, most of these funds use a climate screen, some are fossil free, and others have signed a pledge to align with the Paris Accord emissions targets.

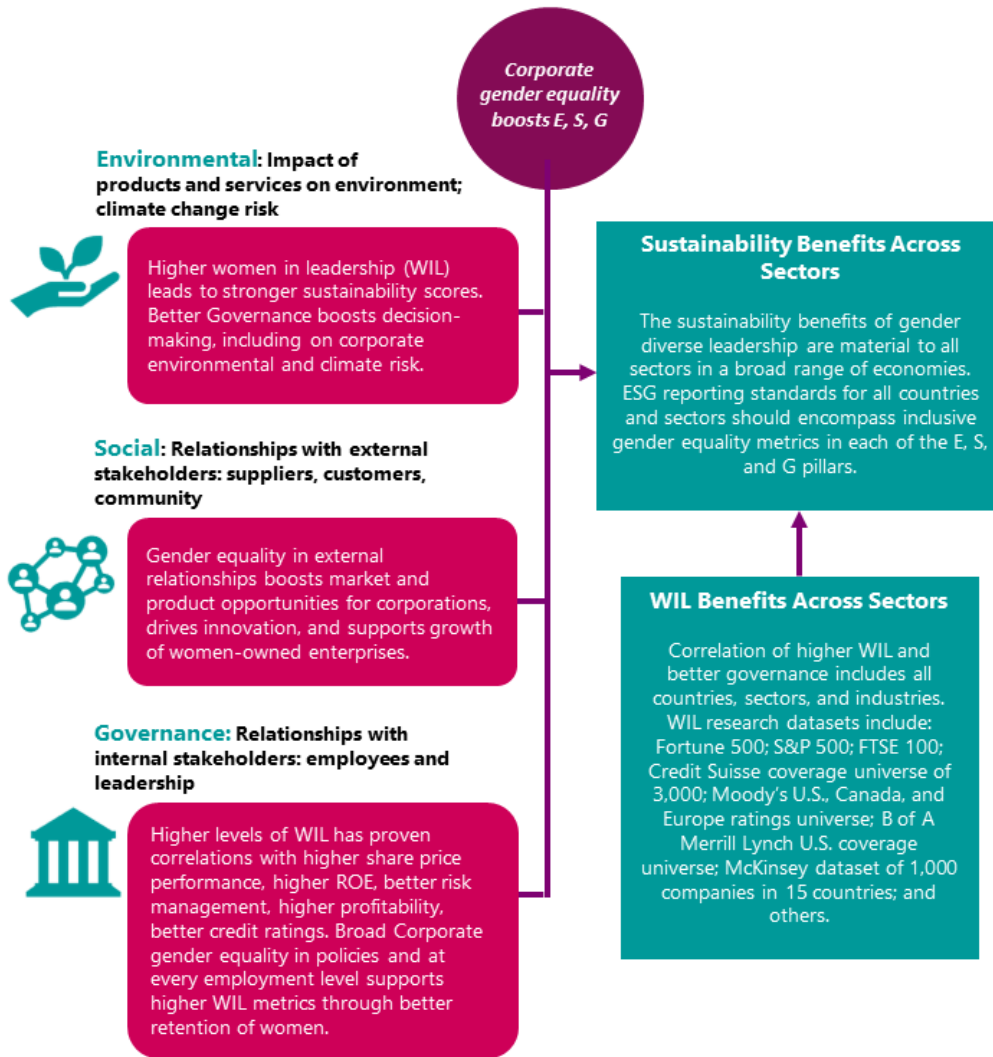
How does gender lens fixed income capture ESG investing?

Gender lens fixed income includes a range of funds, notes, certificates, and a growing suite of gender bonds issued by banks and development finance institutions (DFIs). Gender bonds address the G pillar of ESG investing through the use of proceeds to support women-owned enterprises (WOEs). Supporting WOE includes bringing them into the global supply chain, capturing the S pillar. In addition, most of these bonds adhere to the environmental standards of the Green Bond Principles. Beyond gender bonds, the proceeds of gender lens fixed income funds, notes, and certificates primarily target underserved women and their communities.

Learn more about [gender lens equity funds](#) and [fixed income vehicles](#).




Why should corporate ESG reporting standards include a gender lens?

As spotlighted by ongoing research, the benefits of gender-diverse leadership are not sector-specific, and nor are the costs of lagging behind. The performance benefits of higher WIL have been demonstrated in global datasets which encompass all sectors and industries. These include the Fortune 500, the Bank of America stock coverage universe, the Russell 3000 index, and repeat results showing WIL benefits from a Credit Suisse research universe of 3000 companies in 56 countries.



How does a gender lens shift the definitions of E, S, and G?

ESG investment standards should require corporations in all sectors to be measured on the G of internal inclusive gender equality, the S of diversity and equity in external relationships, and the E of addressing gender-unequal impacts of climate change. Publicly traded ESG equity and fixed income funds should then invest in the leaders on these metrics.

-  **Environmental:** Impact of products and services on environment; climate change risk
-  **Social:** Relationships with external stakeholders: suppliers, customers, community
-  **Governance:** Relationships with internal stakeholders: employees and leadership





Environmental: Address **gender-unequal** impact of products and services on environment; climate change risk



Social: **Diversity and equity** in relationships with external stakeholders: suppliers, customers, community



Governance: **Inclusive gender equality** in relationships with internal stakeholders: employees and leadership

What are GLI + ESG investment criteria?

We propose these investment criteria for asset managers to utilize in applying a gender lens in each of the ESG pillars.

Parallele Finance proposes a set of Gender Lens + ESG investment criteria and definitions. Funds should seek holding with the following corporate metrics:

Gender Lens E Screen	Gender Lens S Screen	Gender Lens G Screen
<ul style="list-style-type: none"> • Fossil Free • Strong WIL, which leads to stronger sustainability scores • Include women-led climate innovators • Advocate for access to capital by those most affected by climate crisis 	<ul style="list-style-type: none"> • Signatory to UN WEP • Supplier diversity program • Safety and health exclusions • Human and labor rights exclusions • Inclusive products and services • Refraining from financing harmful products and human rights abuses 	<ul style="list-style-type: none"> • Strong WIL. Inclusive of racial, ethnic and broad diversity • Gender balance at all employment levels • Strong caregiving benefits • Disclosure of unadjusted pay gap • No forced arbitration for sexual harassment claims • Fund should actively advocate for these criteria

This full infographic can be seen [here](#). Explore the availability and sources of data for these criteria [here](#).

Visit us at parallelefinance.com

Contact us at info@parallelefinance.com



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