

HEIDI DUBOIS INTERVIEW WITH *DOLLARS AND CHANGE*

Heidi DuBois joined Dollars and Change to discuss Return on Equality and the market potential of advancing and achieving gender equality. The interview originally aired on Sirius XM Channel 111, Business Radio Powered by The Wharton School.

From the campus of the University of Pennsylvania Wharton School, this is Dollars and Change on Business Radio, powered by the Wharton School on SiriusXM 111.

[Sandi Hunt] Welcome to Dollars and Change, powered by the Wharton School, I'm Sandi Hunt and I'm here with my cohost...

[Nick Ashburn] Hey! I'm Nick Ashburn.

[Sandi] Good morning, Nick, and we welcome you to another exciting episode of Dollars and Change where we explore social impact through a business lens once a week with four fantastic guests and today is no exception.

[Nick] It's not.

[Sandi] It's an area we're particularly excited about as Women's History Month wraps up here in the United States we are focusing on investing in women and the broader theme of gender lens investing, which is a really exciting topic for us as a part of our broader impact investing work and we're doing a lot around that and are excited to hear from four practitioners in the space who are really making this happen every day.

[Nick] Yeah, I feel like working with you every day is Women's History Month.

[Sandi] Oh, thanks!

[Nick] I mean that very lovingly because you know it's such an integral part of our work.

[Sandi] It is, it really is, and I think, just to set some context for our listeners why don't you give sort of an overview of how you define impact investing and then we'll talk about how gender lens investing is a piece of that.

[Nick] Yeah, so obviously our show will encompass more than I think specifically gender lens investing, but impact investing we talk so much about our show our conference will also be



BNY MELLON

about this, but impact investing is really the intentional way that you invest with both a positive social or environmental return alongside your financial economic returns.

[Sandi] So it's different from philanthropy where you'd say "I'm going to make a social impact," and hope that it works and not get a return or traditional investments solely for a financial return where this looks to marry the two.

[Nick] And it goes beyond just the screening out of things that I don't want to invest in but rather saying "Okay, what do I really think will drive impact," and that's I think where you start getting into an opportunity if you say "I want to affect the lives of women and girls," and improve them specifically, how might I do that?

[Sandi] Yeah, and that's the perfect segue to sort of how we define it. So when we talk about gender lens investing, we really do say that it's the intention that your investments are not only going to gain a financial return, so these revenue-generating investments but also that they're going to make a positive impact on the lives of women and girls. And this space is relatively new, I mean the term has probably only been used for eight to 10 years and when we really look at it there are a number of ways that that can be assessed. We can look at the number of women in leadership positions in a company, it can take a look at the products and services that the company or portfolio of companies is producing and how that impacts the lives of women girls, you can think about contraception, sanitary products, day care and different things like this and it can also look at how the company is treating its female employees all the way through its supply chain. So the list goes on and on and we're excited to explore this topic with several guests today and we are excited to welcome the first one we've got Heidi DuBois joining us, she's the Global Head of Corporate Social Responsibility and Social Investing for BNY Mellon. Good morning, Heidi, thanks for being with us.

[Heidi DuBois] Good morning, how are you?

[Sandi] We are doing wonderfully today and very excited to speak with you and it's an exciting time for you in your work.

[Heidi] Absolutely, we're just delighted to have recently released a report that advocates for one of the less-explored forms of gender lens investing, so I'm delighted to be with you today.

[Sandi] Excellent, so why don't we start there, Heidi, jump in and tell us a little bit about this report and why it matters to BNY Mellon.

[Heidi] Sure, delighted to do so. As many of us know, gender parity is clearly a moral imperative and a social imperative. From BNY Mellon's perspective we were really looking at this from an economic perspective and had a strong hunch that achieving gender parity has significant economic upside and coming from the private sector is obviously an important angle to all of this for us. What we decided to do was take a look at five sectors potentially with some great impact for women and those five sectors were energy, water, childcare, contraception and telecoms to see what the economic opportunity is and what we came up with through our methodology and research was there's a \$300 billion annual potential spend by 2025 if you look

at just these five sectors if women were in the same position as men. That's a huge number to us and really speaks volumes about what the opportunity could be for investors to take the products and services approach to gender lens investing.

[Nick] So I wanted to take a moment and discuss BNY Mellon's impact investing strategy broadly. When I was looking into what you all do in your own background, Heidi, you guys mentioned that corporate social responsibility for BNY Mellon also encompasses social investing and so I just want to make it clear how the bank really thinks about this, so on one hand are we talking about products that the bank can offer to its clients to do gender lens investing or impact investing otherwise or is this also something the firm is doing as part of their corporate responsibility as well?

[Heidi] It's really a combination and it's early stages for us and so we are looking to get started in impact investing potentially looking at gender as a channel or a slice of that and this report is really our first our first step into the waters to start a conversation about this. We do today have a few products, one fund that's available in Japan called the Womenomics fund, it's only available in Japan, but as you pointed out it is early stages for this form of investing and we're looking forward to being a part of its development.

[Nick] So one of the things that... I'm actually the senior director of impact investing here at the Wharton Social Impact Initiative and so I live and breathe this from a research perspective and sort of an education perspective and there are a lot of ways to impact investing, so why did gender, you know if this is new for the bank, why is gender the one that you guys decided to tackle first?

[Heidi] There are a couple of reasons for that and what I'd like to start with is a partnership that we've had for some years now with the United Nations Foundation and through this partnership at the time that the Sustainable Development Goals were under discussion at the United Nations we partnered with the UN Foundation to be one of the private sector voices that advocated for the STGs. So once the SDGs were adopted we said "look, what can we do next? How can we move beyond advocacy to do actual work on the ground?" Given that for our firm gender and diversity are really important points and an emerging area of strength for us as a bank, but a continued area of opportunity for financial services more broadly, we decided to zero in on SDG five as the place where we could get started.

[Sandi] For our listeners, SDG five is the fifth sustainable development goal, that is outlining impact on women and girls globally.

[Nick] And, Heidi, I'm going to – just for our listeners – give a broad overview of what those are. Before the year 2015, the UN had coalesced the global community and saying we have these goals that were called the Millennium Development Goals at that point, that we want to strive for to reduce certain indicators specifically around global poverty and education and things like this. Then we said "okay we made progress, the target was 2015, we made progress against the goals but we clearly did not eradicate global poverty and other things."

[Sandi] And we learned a ton along the way.

[Nick] Exactly, so leading up to that year the global community including BNY Mellon as you just mentioned sort of came up and said these are things that we think we can achieve from an advocacy perspective and here are our goals and, as you mentioned, number five is around gender issues. I just wanted to unpack that for our listeners I know you know my family back in Kansas listening they're probably like "UN? I don't even pay attention to that." So I just wanted to break that down, Heidi.

[Sandi] Worth mentioning as well I think as we talk about how gender comes into the sustainable development goals is it is in and of itself one of the goals, it's number five, but it also exists across others. And I think to your point, Heidi, with the opportunities and sectors you identified, you can't talk about water in emerging markets without a strong gender piece, you can't talk about contraception without a strong gender piece, about child care.

[Nick] Because you're half, or more, of the population.

[Sandi] Exactly. 51 percent, is that the latest?

[Heidi] That's really helpful to unpack what the Sustainable Development Goals are and hope that my summation of how we got to focus on Sustainable Development Goal five is helpful for you and your audience.

[Sandi] Yeah, and I want to just remind our listeners that want to join the conversation, because I think people may have great questions about this, you can give us a call at 1-844-WHARTON, that's 1-844-942-7866, or shoot us an email businessradio@siriusxm.com.

Returning back to our conversation here with Heidi DuBois, Global Head of Corporate Social Responsibility and Social Investing at BNY Mellon, one of the things that I think was so profound about the report you guys put forth was how you really articulated and quantified that opportunity that \$300 billion of basically global capital that's locked up and not being spent because of the lack of gender parity and one of the things that I think is a necessary aspect of the space really evolving and getting sophisticated is starting to put numbers things. Going from saying "we're not maximizing because half the population isn't maximized," to "this is the exact dollar amount," is really significant. So to take one example you said fully meeting the need for modern contraceptive services would be an incremental U.S. \$5 billion more than is currently being spent and then you sort of broke that down, where does that \$5 billion in additional money come from? Talk to us about the process that you took to get some of those numbers and what you hope their impact on the broader space is.

[Heidi] We had a proprietary method of triangulating between existing research and then some of the leading organizations, so for contraception we relied on a lot of information from the Guttmacher Institute. Each sector is a little bit different, so for with telecommunications clean we looked a lot at some of the GSMA Foundation information and came up with these numbers but I agree with you that it's really helpful to come up with a concrete information and convert the social impact information into concrete dollar figures for what the spend could be if women were at the same place as men. Let's take telecommunications. 200 million fewer women than

men own mobile phones globally. Well, what does that mean in terms of what would be spent if women were able to buy the phones? That's \$20 billion. I think what we were looking for is just that, the quantification of the market opportunity so that people can really see from an economic perspective what the potential is.

[Nick] So Heidi, you may not be able to answer this question, but I'll put you on the spot anyway...

[Sandi] [laughs] Really setting her up for success here!

[Nick] But one of the things that – and again my role in impact investing and our vice dean Katherine Kline, another cohost, she's always like “what – investing in what?” You know, it's one thing to think about the capital and BNY Mellon supporting the investment side of the equation, but investing in what? So my question that you may not be able to answer is why is it that we need the SDGs or a report like yours to tell the telecoms industry “you're missing the \$20 billion opportunity here”?

[Heidi] Investing in what? Well, our report does identify various companies around the world that we think are potential examples, they're not investment ideas, but they are examples of companies who are doing things that are advancing gender parity from a products and services perspective. So if you take, we've mentioned telecoms, so take Vodafone from the UK a familiar name to many, they set a target of providing 50 million women with cellphone connectivity by 2025. So there's an example. In Qatar there's a company called Ooredoo that's targeting women consumers specifically with apps that enable them to share health information and block unwanted callers. So I think that there's a lot of research to be done to find these companies and trying to create investment vehicles that are truly investible by investors is something that we point out as an important need in the space.

[Sandi] And one of the things that the report also calls out, to dovetail with your “how do you measure success and what does that look like and how do you know you're making the impact?” is this third-party evaluation need that the report calls for. Can you elaborate on that for our listeners? Talk a little bit about what you found that made you say third-party evaluation as it is absolutely critical.

[Heidi] Yes, and I think we came to that for a couple of reasons. One is that, as you probably know and maybe your listeners are aware, there's lots of discussion out there about reporting on non-financial information. That reporting is all over the map; there's a certain amount of self-reporting out there and it's not consistent and investors like consistency. They like to be able to compare, but given the state of the market for non-financial reporting and a lot of different opinions about what should be publicly available, our view was that having a third party certification system does a couple of things. It starts to create consistency and a basis for comparison, but on a confidential level so that companies aren't necessarily being put on the spot to publicly disclose information that they might not be ready to disclose. But at least you're starting somewhere with a common set of survey questions or data with a result that investors could incorporate into their investment process. A preliminary example of that would be Bloomberg's recently established Financial Services Gender Equality Index which has 47

indicators and those indicators do include seven indicators around products and services and they name and number of companies to that list in 2016 and 2017. That's an example of what's beginning to develop in this area.

[Sandi] To ask a sort of challenging follow-up question, what you painted though was the opportunity for companies to sort of have a gentle onramp to get to sharing gender information. So a third party would say "Nick and Sandi and Allie and Tyler, I may get your performance reviews and I'm going to look at them and see how you did your job but I won't share it publicly, I'll just be able to work with each of you on getting better. Why is that necessary because as someone looking to advance the gender space you could say "why shouldn't companies be put on the spot to publicly disclose this information? Why should they be given you know an open – in a fair market why should they be given this opportunity to hold back that data from consumers?" Why do you guys find it necessary?

[Heidi] I think just to get the ball rolling, you need to start somewhere. For us, this seemed like a reasonable approach to opening the door to something that would be investable by investment managers and potentially individual investors.

[Sandi] My hope would certainly be that that third party is able to say "here's what we saw was easy and accurate for these companies to measure, here's what we saw was most impactful to measure," because one of the challenges and I'm trying not to get too technical, but when you're looking at these companies there are quite literally hundreds of things you could measure that would impact the lives of women and girls within the company. You guys outlined several ways that you can look at products and services in your report, but just to paint the picture for our listeners, you could ask if you have maternity leave or paternity leave or lactation rooms or can go back to work remotely. There are 15 items within HR alone you can measure and asking companies to measure and report on all of them is a little burdensome. So one of the challenges to this space right now is which of those are most relevant. And hopefully those third-party evaluators would be able to advance that a little bit and help us come up with the answer.

[Nick] Heidi, does your report touch on any of that?

[Heidi] On which metrics are the right metrics?

[Nick] Well I guess I was looking at a water company or do you do you talk about anything that we could be considering on when looking at water issues?

[Heidi] We don't touch on anything that's specific to any sector, but one of the things we raise is the need for standardized metrics and I think when you look at the evolution of gender lens investing, we were talking a little bit at the beginning, we identify three types. The first type is really what you were talking about – really the first two really fit in this "within the company's four walls approach." So you've got companies, you can look at them from a workplace policies and practices perspective. Do they have lactation rooms, what is the maternity leave policy, what is the paternity leave policy? The second type would be investing in companies that are women-led or women-owned and that's pretty easy to determine. A lot of these are small and

mid-size enterprises, however, so if you start looking at public companies you could maybe take a look at something like the percentage of women who are on the board. And it's this option three that we're really trying to focus on, which is the products and services approach and then I think in our report we've identified some examples that you could look at. And really we're thinking two ways to develop metrics, one are metrics on the company's activities, what are companies actually doing to develop and market pro-gender equality products and services, and number two are outcomes, what is the expected impact that the products and services have on gender equality? So a couple of example metrics for company actions would be what is the number of women consumers? What is the increase in the number of women who use the products and services such as the number of first-time mobile phone users who are women. Another company action example would be incremental R&D budget dedicated to products that promote more effective and affordable contraceptive methods. Examples for social impact could be a decrease in unpaid labor; you might need development organizations to help with that, or improvement in women's health outcomes like reduction in lung cancer or pneumonia due to the use of clean cook stoves. So you divide up the potential metrics into action and impact and we do share a few concepts for thought in the paper.

[Sandi] Heidi, one of the things that you do that I think is interesting is you sort of illustrate and examine the four primary ways in which company's products and services can promote gender equality and I think it's a helpful framework for thinking about that. Do you want to walk our listeners through those four buckets?

[Heidi] Sure. We did, as you say, identify four different ways that product and service offerings can promote gender equality with a couple examples. Number one is supporting women's economic agency. That's really about expanding women's ability to have more power over their economic circumstances. So a good example of that in the telecoms company I mentioned earlier, Ooredoo, that's expanding ownership of mobile phones among women. The second way is giving women greater freedom in how they spend their time. A great example there is water and the billions of hours that women and girls spend collecting water that they could be doing something else, choosing to educate themselves or children or to seek better job opportunities. Number three is improving women's health and safety. A great example there is Merck and Company really reduced prices of contraceptive implants in poorly resourced countries of highest need, expanding access to the options are for millions of women in those areas. And then the fourth way, which is really interesting to me is reducing bias and reshaping gender norms. So a good example there is an American software provider that we discovered called Unitive which is automating resume screening and HR processes to eliminate the gender component of that first gateway into a job opportunity. Those are really the four that we identified in our report as to how a company's products and services can promote gender parity.

[Nick] Those were great examples, too, and because maybe they're not readily disclosed, some of those underlying factors that you were just describing you know when you were looking for good examples for your report – you know, good companies doing this – did you guys reach out? Is this like your analysts like these are the things that they did? Or even how did you find that information?

[Heidi] We actually, in constructing the report, as I mentioned we partnered with the UN Foundation and also McKinsey and Company was our research partner, so yes, we did have analysts who were out there looking.

[Nick] Got it.

[Heidi] And that's how we came up with these examples of companies that advance gender equality for their products and services.

[Nick] I ask because you know it's one of those things that are really near and dear to our hearts. We've got faculty here at Wharton that are really interested from a variety of perspectives so whether that's the finance lens or it's the management lens or the accounting lens I think I'm always surprised to hear the accountants here on campus say – not like staff accountants but the faculty of accounting staff -- to say like I'd love to know what those things are so that if we there is a scientific basis for it, we could push the SEC to make those you know but put those on disclosures. We're sort of interested in those factors as well.

[Sandi] Heidi, as we come into the last few minutes of the show here, the segment rather, I'm curious to know – it is clear that BNY Mellon learned a ton and contributed a ton of knowledge and synthesis of known aspects of the space through the report, how is this going to change what BNY Mellon does? How did this inform them? What did this trigger within the company's walls?

[Heidi] I'll say we've been very pleased and a little surprised by how much attention this report has garnered. I think in some respects we've hit more of a nerve than we thought we were going to, so we've had a lot of animated discussion internally about what next steps could be for us and those are ongoing. We did feature the report on International Women's day kickoff event; very important for our internal Women's Network and we are in the process right now of considering what we could do next. Is it some additional research around some of the calls to action in the report, will this play a role in our beginning to explore impact investing? Can we take a look at women as investors and what we offer and how we can strengthen that opportunity for the bank. So we're looking a lot of different things and I expect we'll up with something in the coming months that we can to help advance some of the observations that we've made in the report.

[Sandi] Excellent. It certainly was an incredibly valuable contribution to the space, so on behalf of Dollars and Change, all of our listeners I'm grateful to BNY Mellon for putting it out there. We will tweet out this report and share it with our show handle and our Wharton Social Impact Twitter handle.

[Nick] The report is called Return on Equality from BNY Mellon.

[Heidi] Yes. Return on Equality.

[Sandi] It is a great read and it's beautifully designed and I think does really good job of taking some really complex analysis of the space and breaking it down to digestible, understandable and beautiful –

[Nick] I thought it was a really accessible report.

[Heidi] Good, well that's what we were hoping for and glad to hear that you found it to be accessible because we really want to get the information out there.

[Sandi] Heidi DuBois, thank you for being with us today, Global Head of Corporate Social Responsibility and Social Investing with BNY Mellon. Listeners, stay with us.

© 2017 The Bank of New York Mellon Corporation. All rights reserved.



BNY MELLON