

Calvert Women's Principles: 20 years of Leadership



Empowering women across the globe

This year marks the 20th anniversary of the Calvert Women's Principles (CWP), established as a partnership between Calvert Research and Management ("Calvert") and UN Women in 2004. They remain the first global code of corporate conduct focused exclusively on advancing, protecting, and investing in women. The CWP offer companies a clear set of standards to measure their progress in seven areas—from employment to health to transparency—while providing investors with concrete indicators to assess the evolution of gender equity in the corporate community. The CWP have helped to fill what was a huge void in the integration of gender considerations into corporate practices. Corporations are key players in the global economy—often more powerful than sovereign governments and other institutions. Two decades ago, many CEOs had begun to recognize that women's empowerment was important for business, yet they struggled to make meaningful changes. The CWP and successor initiatives are designed to help companies be more systematic in making women's empowerment a reality. They help the change agents within companies push their agendas forward.

Calvert's research since 2019 has been finding evidence that gender diversity is financially material to equity returns for both U.S. and international large-cap markets, a finding consistent with other research studies on the topic. For example, our 2019 study found that companies' circumstantial score associated with gender and inclusion issues is a major driver for superior financial performance of U.S. large-cap companies, while board-level gender diversity works best for U.S. small-cap companies and non-U.S. markets.¹

The past two decades have seen considerable advancement in gender equality in the workplace, but there remains much to be done. For example, a 2023 report from the World Economic Forum that examined four key areas (Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment) projects that at the current rate of progress it will take 131 years to reach full parity between men and women.² This indicates that the need for the Calvert Women's Principles is as critical as ever. The CWP are emblematic of Calvert's leadership and dedication to the empowerment of women, which continues to guide our investment research, corporate advocacy and policy initiatives.



¹ Y. Chen, Calvert, "Evaluating the financial materiality of gender diversity factors", October 2019

² World Economic Forum Global Gender Gap Report, 2023.

What are the Calvert women's principles?

1

EMPLOYMENT AND
COMPENSATION

2

WORK-LIFE BALANCE AND
CAREER DEVELOPMENT

3

HEALTH, SAFETY AND
FREEDOM FROM VIOLENCE

4

MANAGEMENT AND
GOVERNANCE

5

BUSINESS, SUPPLY CHAIN
AND MARKETING
PRACTICES

6

CIVIC AND COMMUNITY
ENGAGEMENT

7

TRANSPARENCY AND
ACCOUNTABILITY

Catalysts for Change

The Calvert Women's Principles were developed in partnership with United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) in 2004, and were the forerunners to the Women's Empowerment Principles (WEP), introduced by UN Women and the United Nations Global Compact (UNG) in 2010. Among the stated goals of the WEP are for them to be used to examine how the private sector can play a role in promoting gender equality and women's empowerment, and to use them when engaging in dialogue with the private sector about that issue.

As part of the 10-year anniversary of the CWP in 2014, Calvert's executives at the time recounted what inspired them to take action. Women around the world had made great strides toward inclusion across multiple segments of society, and yet remained frustratingly far from equity with their male counterparts. Despite that, the private sector was not often thought of as a potential leader in the fight for gender equality. For example, at the Fourth World Conference on Women, held in Beijing in 1995, the private sector was mentioned only briefly, mostly as an entity that could help implement the efforts of civil society and government. Internal discussions among Calvert senior leaders in 2000 noted the absence of a set of guidelines or a code of conduct for the treatment of women in the corporate workplace. Coming in the wake of the launch of the UN Global Compact in 2000, Calvert believed it was time to take the gender equity piece forward as well. Among the efforts used as inspiration were the Sullivan Principles³ (originally developed in 1977 to apply economic pressure on South Africa in protest of apartheid), and the National Football League's Rooney Rule⁴ (which requires NFL teams to interview minority candidates for head coaching and senior football operation jobs). Extensive research found numerous codes of conduct in existence, but none that explicitly addressed gender.



³ The Sullivan Principles were six criteria issued by the Rev. Leon Sullivan in 1977 designed to ensure the equal treatment of workers, regardless of their race, by companies operating in South Africa during the apartheid era (a seventh was added in 1984). Corporations that did not follow these principles were targeted for divestment.

⁴ The Rooney Rule was adopted in 2003 and originally required every team to interview at least one or more diverse candidates before hiring a new head coach. It has since been expanded to explicitly include women as part of the external minority candidate interview pool, and the jobs for which this is required now include general manager/executive of football operations positions, and coordinator openings. "NFL Expands Rooney Rule to Include Women, Required Hiring of One Minority Assistant," Sports Illustrated, March 28, 2022.

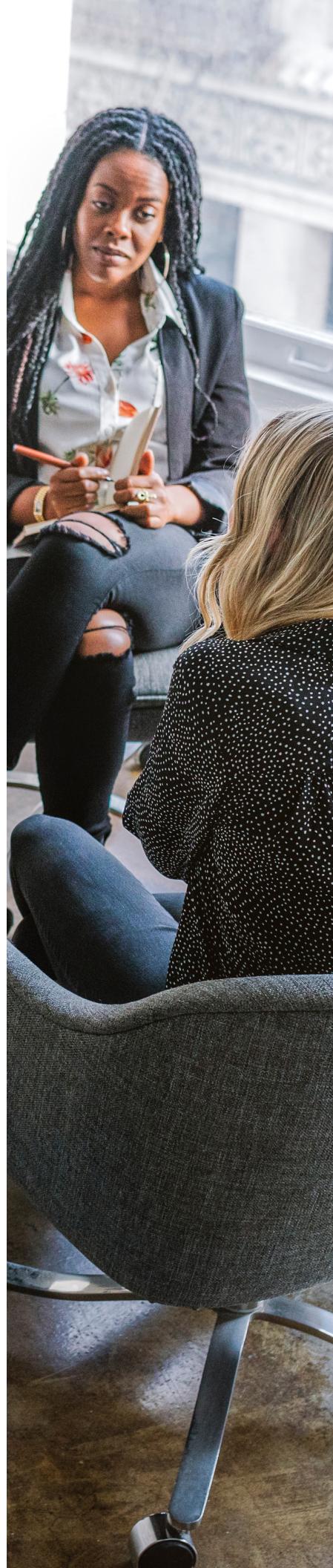
Empowering progress with powerful partnerships

Calvert conducted extensive outreach to NGOs, academics, and civil society to make sure the CWP were comprehensive, robust, and meaningful. Two critical partnerships with Verité and UN Women came out of this approach. Verité works to empower female workers in supply chains around the world. UN Women, then known as UNIFEM, is the United Nations organization dedicated to gender equality and the empowerment of women. Its programs were structured to implement the platform that had emerged from the Fourth World Conference on Women in Beijing.

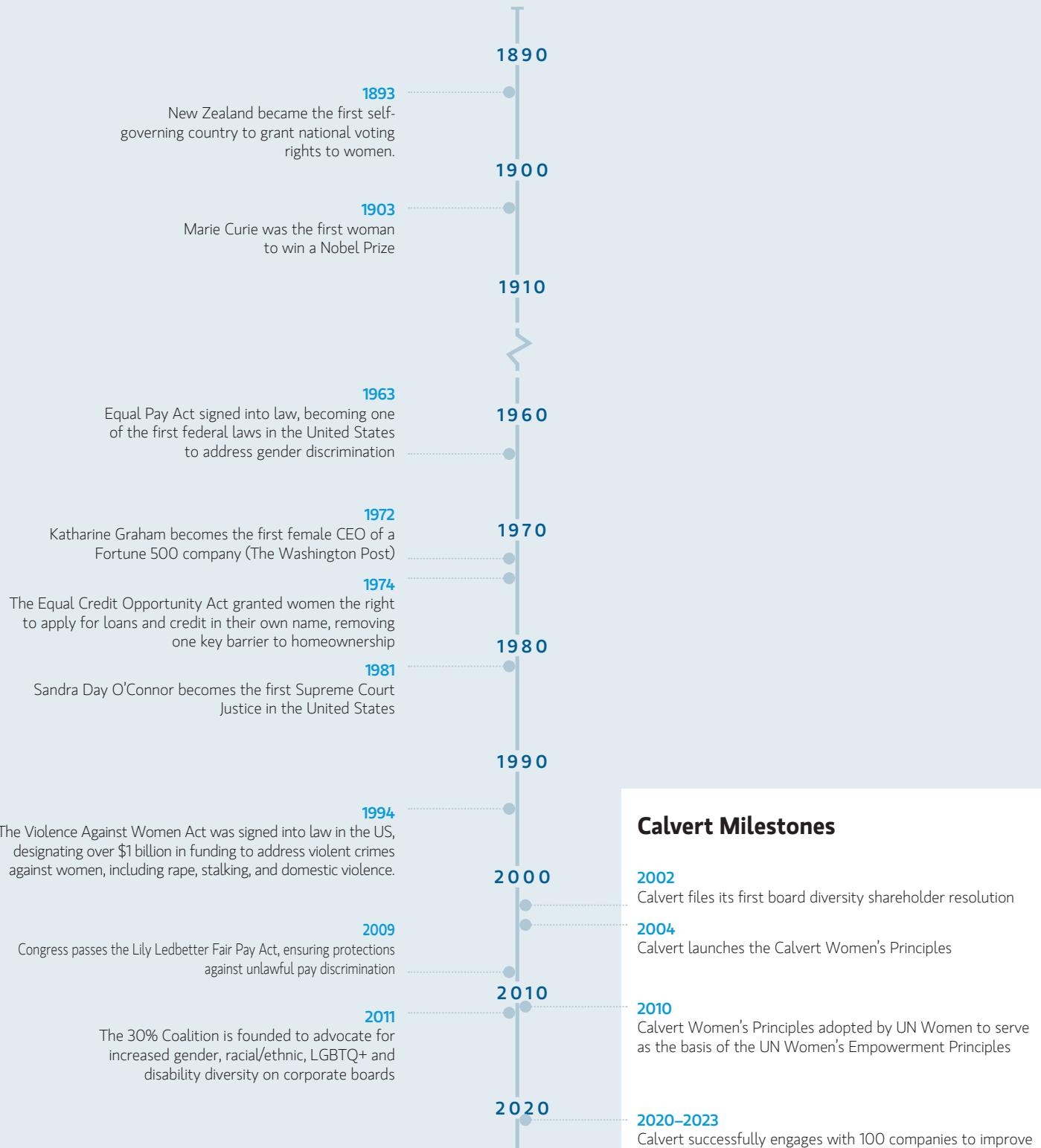
Calvert's partnerships soon extended to San Francisco. The Executive Director of the San Francisco Department on the Status of Women (DSW), approached Calvert in 2007, after coming across the CWP during an Internet search, and began using them as the platform for its implementation of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) as a policy in 2008 (the first municipality in the United States to do so). It then launched its Gender Equality Principles (GEP), which translates the CWP into practical policies, guidelines, and performance indicators, in 2010.

In addition, Calvert engaged the UN Global Compact's (UNGC) General Counsel & Chief of Governance and Social Responsibility beginning in 2007 to help the group find a way to give more substance to principle 6 of the Compact: "Businesses should uphold the elimination of discrimination in respect of employment and occupation." Calvert's donation of the CWP to the UNGC, and our organizations' ongoing partnership, expanded the CWP's scope to the global level. The UNGC developed its own set of principles, without corporate branding, in the hopes that it would spur broader adoption. The Women's Empowerment Principles (WEP), developed in collaboration with UN Women, were launched in March 2010.

Only companies (private, public, state-owned and cooperatives), industry associations and chambers of commerce are eligible to formally join the WEPs. However, the framework is publicly available and anyone can use the principles as a framework to promote gender equality and women's empowerment, and engage with companies to advance these goals or commit to implementing them.



Women's Empowerment Milestones



The Calvert Women's Principles

1

EMPLOYMENT AND COMPENSATION

Corporations will take concrete steps to attain gender equality by adopting and implementing employment policies and practices that eliminate gender discrimination in areas such as recruitment, hiring, pay and promotion.

BUSINESS CASE: Narrowing the difference in wages between men and women in the labor force can boost the world's economy by about 7% — or \$7 trillion.⁵

FACT: With fewer women being placed in senior positions, which are generally higher paying, the diversity pipeline issue has contributed to a structural wealth gap by gender.⁶

2

WORK-LIFE BALANCE AND CAREER DEVELOPMENT

Corporations will take concrete steps to attain gender equality by adopting, implementing and promoting policies and practices that enable work-life balance and support educational, career and vocational development.

BUSINESS CASE: Many women point to the option to work remotely as a major reason for joining or staying with an organization. Also, women who work remotely experience fewer microaggressions and higher levels of psychological safety. Offering flexibility in the workplace can attract and retain top talent.

FACT: A 2024 report from Women in Revenue found that more than 70% of women in revenue-generating roles faced budgets and staff cuts in 2023, and many said they would have "to do more with less" in 2024. More than 40% cited work/life balance as a top challenge.⁷

3

HEALTH, SAFETY AND FREEDOM FROM VIOLENCE

Corporations will take concrete steps to attain gender equality by adopting and implementing policies to secure the health, safety and wellbeing of women workers.

BUSINESS CASE: An estimated \$300 million investment into research focused on women's health could yield a \$13 billion economic return and lead to reduced health care costs, better quality of life, and years of productivity returned to the global workforce.⁸

FACT: Nearly half of all respondents to a survey conducted by Deloitte are concerned about their personal safety in the workplace or while commuting or traveling for work. Of these women, one in 10 say they have been harassed while traveling for work, and about the same number say they have been sexually harassed by a colleague.⁹

⁵ Moody's Analytics, "Close the Gender Gap to Unlock Productivity Gains," Dawn Holland and Katrina Ell, March 2023.

⁶ Calvert Research and Management, "Parity Beyond the Boardroom: Closing Diversity Gaps in the Corporate Pipeline," Yijia Chen, March 2024.

⁷ Women in Revenue, "Career Success vs. Quality of Life: Balancing Professional and Personal Goals for Women in Revenue," April 2024.

⁸ Women's Health Access Matters, "The Case to Fund Women's Health Research," May 2023.

⁹ Deloitte, "Women @ Work 2024: A Global Outlook."

4

MANAGEMENT AND GOVERNANCE

Corporations will take concrete steps to attain gender equality by adopting and implementing policies to ensure equitable participation in management and governance.

BUSINESS CASE: "Companies in the top quartile for gender diversity on executive teams are 25% more likely to have above-average profitability than companies in the bottom quartile."¹⁰

FACT: According to a new report from S&P Global Market Intelligence, which studied gender parity data in regulatory documents and press releases for companies in the S&P Global Total Market Index, in 2023, women held just 11.8% of the roughly 15,000 C-suite roles assessed, down from 12.2% the year before. That's the first time women have lost seats since 2005, the year S&P started measuring the data.¹¹

5

BUSINESS, SUPPLY CHAIN AND MARKETING PRACTICES

Corporations will take concrete steps to attain gender equality by adopting and implementing nondiscriminatory business, supply chain, contracting, and marketing policies and practices.

BUSINESS CASE: International trade can be an important resource for women-owned businesses, given that an estimated 95 percent of consumers and 80 percent of purchasing power reside outside of the U.S. Women-owned companies that trade and export earn more, create more jobs and are more resilient to financial shocks than those relying exclusively on domestic markets.¹²

FACT: Women as consumers are likely to face discriminatory pricing, known as "pink tax". A study by the New York City Department of Consumer Affairs found that 42% of the time, women's products are priced higher by an average of 7% than similar products for male consumers.¹³

6

CIVIC AND COMMUNITY ENGAGEMENT

Corporations will take concrete steps to attain gender equality by adopting and implementing policies to promote equitable participation in civic life and eliminate all forms of discrimination and exploitation.

BUSINESS CASE: The World Bank calculates that closing gender gaps in areas such as employment and entrepreneurship could increase global gross domestic product by 20%.¹⁴

FACT: Around the world, 129 million girls are out of school. The percentage of countries that have achieved gender parity is 49% for primary education, 42% for lower secondary education, and 24% for upper secondary education.¹⁵

7

TRANSPARENCY AND ACCOUNTABILITY

Corporations will take concrete steps to attain gender equality in operations and in business and stakeholder relationships by adopting and implementing policies that are publicly disclosed, monitored and enforced.

BUSINESS CASE: Transparency makes it easier for women to negotiate a fair salary. A 2022 study by Visier found 79% of all survey respondents wanted some form of pay transparency and 32% wanted all employee salaries to be publicized. Moreover, 68% of respondents said they would switch employers for greater pay transparency, even if compensation remained unchanged.¹⁶

FACT: Some 38% of companies publish enumerated gender pay data compared to just 33% of organizations across developed markets. Research found that only 13% of companies in the U.S. currently disclose gender pay information, compared to rates as high as 65% and above in India and Taiwan. In South Korea, 88% of companies publish gender pay information without any legal obligation to do so, according to Equileap.¹⁷

¹⁰ Morgan Stanley, "The Business Case for Gender Diversity -- Beyond Quotas," July 27, 2022. Data from McKinsey & Company. "Diversity Wins: How Inclusion Matters," May 2020.

¹¹ S&P Global, "Key Gender Parity Metric Falls for First Time in 2 Decades," Henry Chiang, Samrudhi Kaulapure and Daniel J. Sandberg, March 2024.

¹² Supply Chain Brain, "Transforming the Supply Chain Industry With Gender Diversity," Anita Raj, November 9, 2022.

¹³ LSE Human Rights, "Pink Tax: The gender bias in product recommendations and corporate social responsibility," Richa Bhargava, Raahat Tara, April 29, 2022.

¹⁴ "Women, Business and the Law," The World Bank Group, 2024.

¹⁵ UNICEF, "Girls' Education: Gender equality in education benefits every child," May 2023.

¹⁶ Deloitte, "Wage transparency, what it means for gender equality, and how legal teams can influence the corporate approach," June 2, 2023.

¹⁷ Forbes, "Emerging Markets Lag On Gender Gaps, But Lead On Pay Reporting," Josie Cox, April 25, 2024.

Continued Leadership

Research

Calvert has made diversity – both gender and ethnic/racial – a primary focus of its proprietary research that aims to paint a clearer picture as to the current state of play, the financial materiality of being a leader or laggard on diversity issues, and other key impacts.

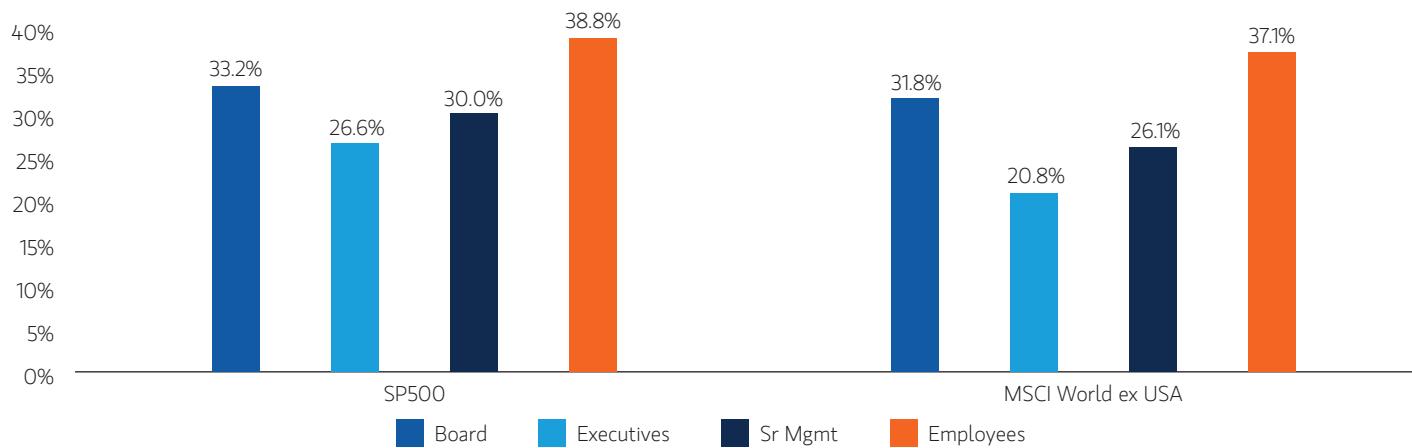
Calvert research, along with numerous academic studies, indicate that diversity, equity and inclusion factors (DEI) are financially material. Since 2020, we've seen marked improvements in corporate DEI performance worldwide. We have continually refined our methodology to recognize those gains and promote ongoing improvement. Our methodological enhancements help us to identify leaders and improvers, and reflect the flexibility and dynamism of our responsible investment research process.¹⁸

Among the key conclusions are:

- Female representation at the board and employee levels is much higher than at the executive and senior management levels. At the board level, the high representation is likely due to national quotas adopted globally. However, the trickle-down effect from increased gender representation in the boardroom, expected to help resolve the diversity pipeline issue, has not taken place as quickly as anticipated, as displayed in the chart below.. This remains an area for Calvert's continued engagement with companies, as described further below.¹⁹

Globally, Female Representation Lags at Corporate Senior Levels

(%) Female Representation at Board, Executive, Senior Management and Employee Levels (S&P 500 Index and MSCI World ex US Index, December 2023)



Source: Factset and Equileap

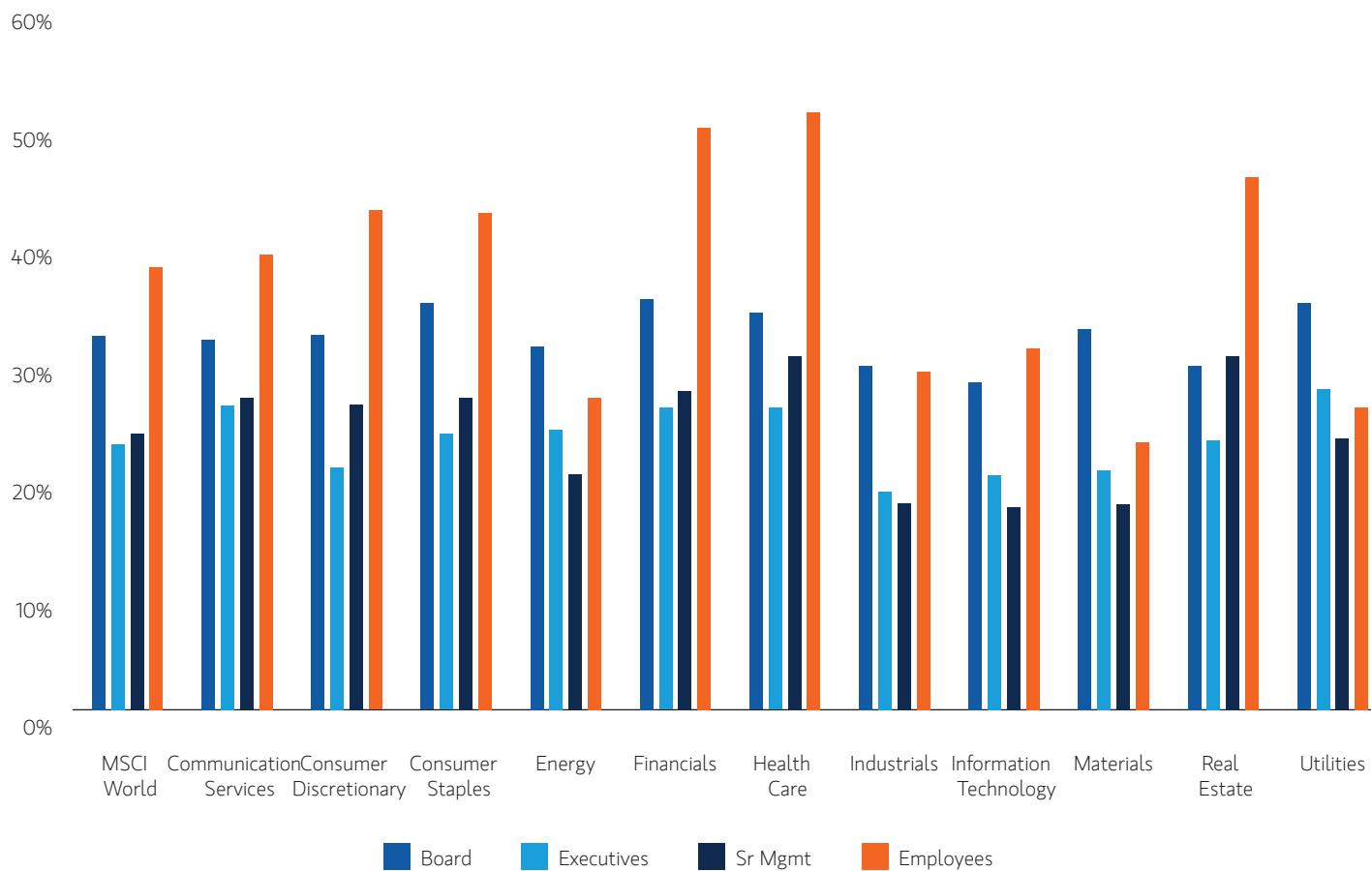
¹⁸ For more information, see Yijia Chen and Jade Huang's "As Corporate DEI Performance Improves, Calvert's Methodology for Evaluating DEI Issues Builds on Those Gains," Calvert Research and Management, October 2023.

¹⁹ Yijia Chen, "Parity Beyond the Boardroom: Closing Diversity Gaps in the Corporate Pipeline," March 2024.

- Gender diversity at different corporate levels is positively correlated for large-cap companies in developed markets. This means that companies with high gender diversity at one job level usually have high gender diversity at other job levels as well.²⁰
- The gender diversity gap across sectors from 2020 to 2023, remains largely unchanged (see graph below). Although companies have added more women to their boards and executive teams, the gender gap among senior managers has barely closed, and, in some cases, has widened.

Most Sectors Show Greatest Gender Diversity at Employee or Board Level

(%) Female Representation at Board, Executive, Senior Management and Employee Levels (By Sector Grouping, MSCI World Index, September 2023)



Source: Factset and Equileap

²⁰ Yijia Chen, "Parity Beyond the Boardroom: Closing Diversity Gaps in the Corporate Pipeline," March 2024.

Engagement—Changing the game for women

Calvert's stewardship and engagement efforts focus on improving corporate behavior on a range of gender issues. These efforts take the form of direct dialogue with companies, letter-writing campaigns, and support to many public-private initiatives focused on gender equality.

We believe long-term oriented, responsible investors should demand greater disclosure and performance from companies on programs to attract, retain and promote diverse talent. Companies, in their own reporting, indicate that diversity is a key driver of innovation, which is a key driver of growth. Improvements to diversity performance, particularly in leadership and strategically valuable areas of the workforce, support enhanced ability to problem solve and manage risks, and help avoid groupthink which can cause teams to overlook risks. We believe diverse workforces also allow companies to have a richer understanding of different stakeholder experiences and their unique needs.

It's also noteworthy that company attitudes towards gender diversity have evolved since the CWP were established. In many cases, our engagement is less about getting companies to recognize the importance of gender diversity and more about illustrating any gaps they may have in financially-material areas. We also continue to push companies to evidence and enhance the alignment of their DEI programs and related spend to addressing priority DEI performance gaps.





Board representation and proxy voting initiatives

Calvert has actively encouraged our holdings to formally commit to board-level racial/ethnic, and gender diversity performance improvements where appropriate. All too often, qualified women are overlooked for these influential positions, while companies continue to search for candidates from their limited networks. That is why our engagement and stewardship activities focus on diversifying the director selection process.

Calvert annually refines its proxy voting guidelines, and has raised the bar on what we expect of companies related to board diversity, building on the custom methodology we have honed over the years. For example, in 2023 Calvert's guidelines changed to better reflect the demographics of the population where a company is domiciled. Support for the nominating committee and board chair in the U.S., U.K., Canada, Australia and now South Africa, requires a minimum of 40% representation of each male and female board directors, as well as a percentage of ethnically diverse directors proportional to the home country's population or two ethnically diverse directors, whichever is greater; and 50% overall board diversity. In all other markets, our guidelines require a minimum of 40% board representation for both men and women.

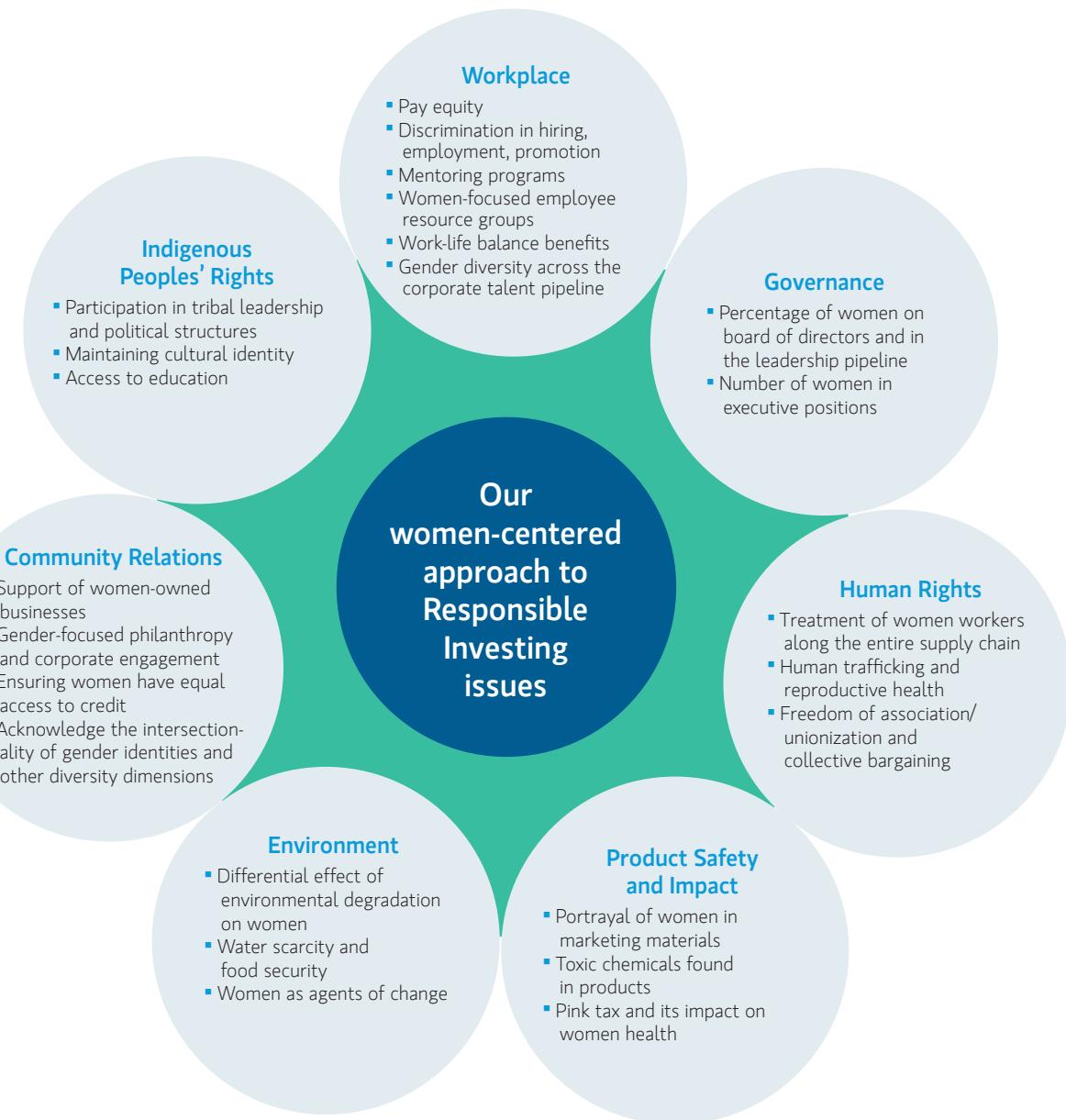
Case study: Equal Employment Opportunity (EEO) Disclosure Campaign

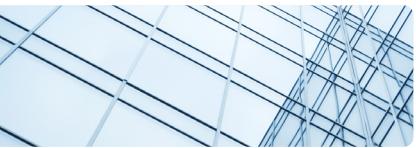
In July 2020, Calvert began a structured engagement campaign around EEO with the largest 100 U.S. companies. At the time, only 18 were publishing their EEO-1 reports, even though companies were already compiling and providing this required information to the U.S. government. While companies are not required to release this information publicly, we believe corporate commitments to diversity are credible only if the company releases full EEO statistics on its workplace demographics. Increased disclosure on diversity policies and employee composition is essential to analyzing performance on gender and diversity.

We contacted each of the 100 largest U.S. companies about this issue. We encouraged the 18 companies already releasing their EEO-1 reports to continue doing so, and requested meetings with the other 82 companies to allow us to explain why we think releasing this data is so important. By June 2023, all 82 companies targeted by Calvert had agreed to disclose their EEO-1 information.

Investing with a gender lens

We believe Responsible Investing takes a holistic view of investment opportunities—going beyond financial analysis of a company to fully evaluate a company's performance on a range of environmental, social and governance factors. Rather than identifying only a select set of "women's issues," Calvert's investment process seeks to evaluate the interface of women and corporations more broadly, whether in the workplace, marketplace or community.





20 years later...



Where we are today

There is no doubt that while there is much work still to be done to ensure gender equality, we are in a better place than we were when the CWP debuted in 2004. Signs of progress include:

- The percentage of the U.S. female population with a bachelor's degree or higher increased from 3.8% in 1940 to 38.3% in 2020. According to July 2023 estimates from the US Census Bureau, women make up approximately 50.5% of the U.S. population, and are better educated than their male counterparts, holding more bachelor and graduate degrees. The talent pool for U.S.-based companies has become increasingly gender diverse.²¹
- Post-pandemic, with the reopening of global economies, worker expectations in many industries shifted toward improved work-life balance, greater flexibility, increased compensation and stronger company cultures – all issues that contribute to closing the gender gap.²²
- Over the last five years, companies globally have advanced female representation on corporate boards towards parity, albeit with notable regional differences. In developed markets, large-cap companies have generally surpassed the 30% female board representation threshold, widely acknowledged as the level whereby companies move beyond tokenism and achieve the benefits of diverse viewpoints and innovation. For example, in the U.S., the largest 500 companies tend to have more women on boards relative to the next 500 companies by market capitalization, a gap that has persisted from 2019 to 2023. In contrast, despite large strides forward, Japanese companies still lag the developed markets, standing at 18.3% female board representation.²³
- Among G7 countries, the percentage of women in the labor force increased from 35.3% in 1962 to 46.4% in 2021. As for the talent pool in OECD countries, the percentage of the population with higher education doubled for both men and women over the same period.
- Compared to their international peers, U.S. large-cap companies have a higher level of gender diversity across all job levels, particularly among executives and senior managers.

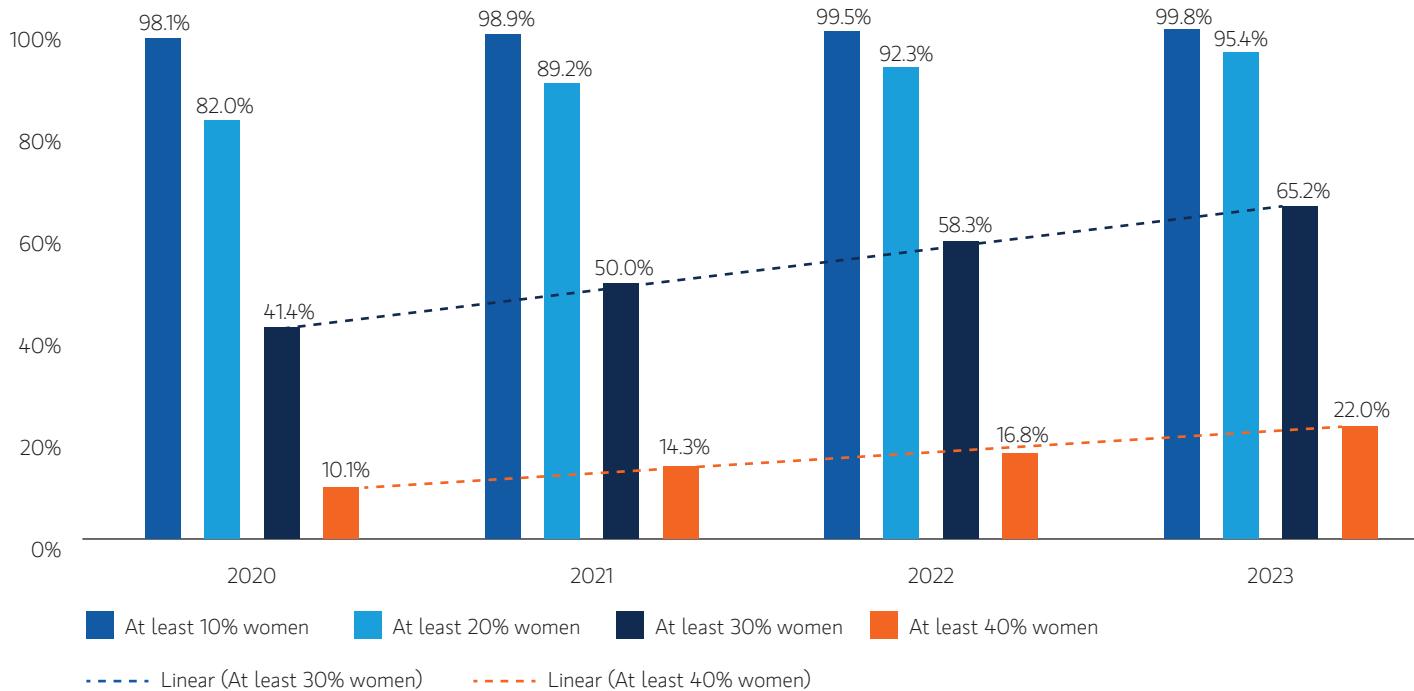
²¹ U.S. Census Bureau database, retrieved October 2024. Yijia Chen, "More Women at Work: Historical Perspectives," February 2023.

²² Yijia Chen, "Reshaping Worker Expectations: From the Great Resignation to the Great Reshuffle," September 2023.

²³ Yijia Chen, "Parity Beyond the Boardroom: Closing Diversity Gaps in the Corporate Pipeline," March 2024.

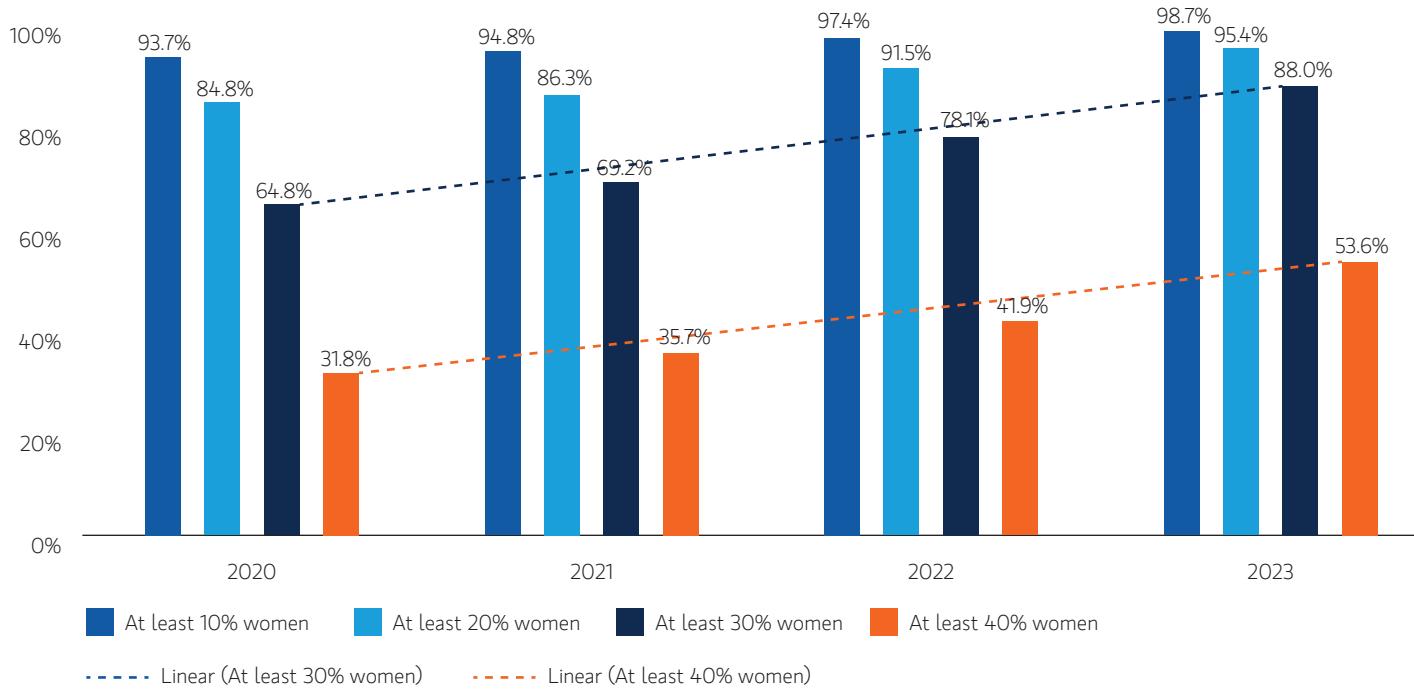
Percent of Females on Company Boards of U.S. Domiciled Companies in the MSCI ACWI

2020-06/23



Percent of Females on Company Boards of European-Listed Companies in the MSCI ACWI

2020-06/23

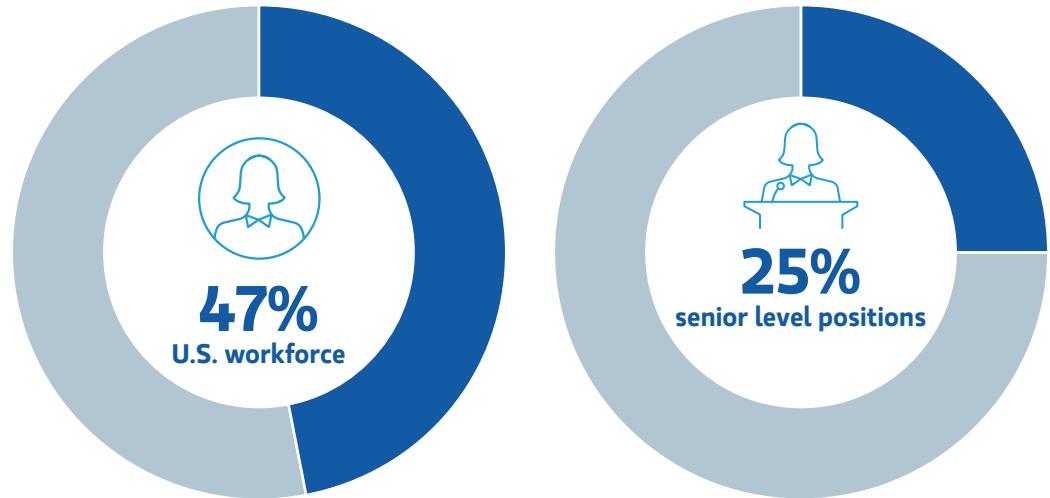


Source: Calvert, Factset

However, there are also clear gaps where improvement needs to be made. Among those areas are:

- S&P Global Market Intelligence now projects women won't reach parity with men in the C-suite until 2055 at the earliest, at least five years later than previously estimated. Moreover, when women do manage to reach the upper levels of management, they lose their jobs faster than their male counterparts. One report found female CEOs are more than twice as likely to leave their roles within two years and four times more likely to last fewer than 12 months. The boardroom faces similar challenges, with women in the first quarter of 2024 filling the lowest percentage of new director positions since 2017, according to an analysis from the nonprofit 50/50 Women on Boards. And as far as money goes, the US Bureau of Labor Statistics released data in January 2024 that showed the gender pay gap for all working women has barely budged over the past 10 years.²⁴
- The trickle-down effect from increased gender representation in the boardroom, expected to help resolve the diversity pipeline issue, has not taken place as quickly as anticipated.
- Women remain underrepresented on corporate boards in emerging markets, with about half the representation seen in developed markets.²⁵
- For full-time, year-round workers in the United States, the female-to-male earnings ratio fell from 84.0% in 2022 to 82.7% in 2023. This represents the first statistically significant annual decrease in the female-to-male earnings ratio since 2003.²⁶

Women represent 47% of the U.S. workforce but hold only 25% of senior-level positions.²⁷



²⁴ Bloomberg, "Corporate Women's Gains Fall Victim to Anti-Woke Backlash," June 24, 2024.

²⁵ Yijia Chen, "Parity Beyond the Boardroom: Closing Diversity Gaps in the Corporate Pipeline," March 2024.

²⁶ U.S. Census Bureau, "Income, Poverty and Health Insurance Coverage in the United States: 2023"

²⁷ S&P Global, "Women in Leadership: What's the Holdup?" March 7, 2024

Where we're going

We are pleased to observe meaningful improvements on closing the gender gap since the initial launch of the Calvert Women's Principles, but there is still a long way for corporations to go to fully tap into the diverse talent pool of their surrounding demographics. We are closely watching a few areas in particular where we expect to see companies improve in the coming years:

- **Progress on gender and ethnic diversity representation in senior and executive leadership:** Gender diversity at these levels lags the progress we've seen at the board level. We expect to see more progress in coming years, with professional development programs advancing all employees across the corporate ladder.
- **More pay gap data:** As more countries start to mandate that companies disclose their gender pay gaps, Calvert will monitor the evolving legislations and data availability.
- **Greater work-life balance:** Post-pandemic, with the reopening of global economies, worker expectations in many industries shifted toward improved work-life balance, greater flexibility, increased compensation and stronger company cultures, a trend has been called the "Great Reshuffle." We will be looking to see whether worker shortages will compel companies to pursue policies offering greater flexibility and improved compensation to attract and retain talent, fill frontline positions, and bring more women back into the workforce.²⁸

As we've seen marked improvements in corporate DEI performance around the world, and as research continues to affirm this is a financially material issue for companies, we have continually refined our methodology to recognize those gains and promote ongoing improvement.

The CWP can encourage forward momentum that inspires action. Among the tactics that may be used include:

- **Advocacy** – Strategically use proxy votes and other engagement efforts to nudge companies towards a more equitable workplace.
- **Action** – Invest with a gender lens, considering variables like how companies with strong DEI practices compare to those with inferior records.
- **Alliance** – Join and work alongside organizations like the 30% coalition, Human Capital Management Coalition and the UNWEP. The CWP gained significant momentum when they were adopted by the UN, for example, demonstrating it truly takes a village to produce changes.

The CWP ultimately aims to continue providing investors with a framework to effectively support the empowerment of women while still maintaining a focus on positive financial outcomes.



²⁸ Yijia Chen, "Reshaping Worker Expectations: From the Great Resignation to the Great Reshuffle," September 2023.

Important Additional Information and Disclosures

Source of data: Calvert Research & Management

Date of data: 6/30/2024

RISK CONSIDERATIONS

Investing involves risk including the risk of loss. There is no guarantee that any investment strategy, including those with an ESG focus, will work under all market conditions. Investors should evaluate their ability to invest for the long-term, especially during periods of downturn in the market. There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market.

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