The Climate Action Gender Gap

By recognizing the role of women as changemakers, companies can speed up the race to net zero
“When it is a male world, you have male priorities ... If you don’t have women here, how can you say this is about people?”

– Mary Robinson
Former UN High Commissioner for Human Rights and President of Ireland at COP21 in 2015
Diversity and climate are top priorities for chief executive officers and boards of directors, but almost none have considered how linking the two management priorities could accelerate their transition to net-zero emissions.

As the Oliver Wyman Forum and the 30% Club prepared for COP26 in Glasgow, we set out to uncover what can be achieved when diversity, and specifically gender representation, is included in companies’ climate change plans. The question was more difficult to answer than we had anticipated. For example, starting with large data sets, we looked at how corporate diversity and climate outcomes might be correlated. Relationships were positive but statistically weak. However, with so many factors at play, we felt that focusing solely on these high-level numbers was a red herring.

As our research and interviews with more than 20 companies progressed, it became clear that not only are women often excluded from many high-level government and corporate discussions on climate, their role as climate-action changemakers is largely unrecognized and underestimated. Yet businesses need to include female colleagues, customers, and investors if they are serious about meeting net-zero carbon emissions by 2050.

We consider this report as just the beginning of research on what can be achieved if a greater mix of people — including women — is more explicitly included in companies’ attempts to reach net-zero emissions. This report talks about action from corporations deliberately. Clearly, this must be taken together with action from governments, the third sector, civil society, and beyond.

We are grateful for your understanding over this report’s limitations — for example, our focus on women in Western countries and a binary view of gender that is not inclusive of all identities and experiences. We recognize that we do not cover intersectionality or other dimensions of difference, such as race and ethnicity, primarily due to a lack of data.

Despite this, we felt it important to continue and hope the report will have some impact in driving greater awareness and understanding of the critical linkages between these issues.

We thank and are grateful to the many colleagues who were willing to share their expertise and the companies we interviewed. We hope you find our initial research helpful as you consider your transition plans and look forward to continuing the conversation and research.

Ann Cairns
Global Chair, 30% Club and Executive Vice Chair, Mastercard

Rupal Kantaria
Partner, Oliver Wyman Forum

Ann Cairns
Global Chair, 30% Club and Executive Vice Chair, Mastercard
More than a fifth of major corporations have pledged to reach net-zero emissions by 2050. Yet few actively include or consider women in their climate action decisions and plans.

This is a mistake. Research shows that women are the most likely changemakers for climate action in economic areas from corporate leadership to product development. But these potential contributions are generally overlooked, we discovered in interviews with more than 20 companies across a range of industries.

Most corporate leaders have climate and diversity top of mind. Many companies set gender targets for their leadership, and some for their wider workforces and customer bases. Separately, businesses set targets for achieving net-zero emissions.

These challenges should be linked together, especially given the similarities in their requirements for tangible impact: committed leadership, a rigorous focus on data, and continuous learning across the organization. (See Exhibit 1.) Our conversations and research uncovered opportunities for corporations to speed up the world’s race to net zero by mainstreaming gender considerations in climate-focused business initiatives — in particular, by actively considering women in three roles.

**Climate action leaders:** More women should be in leadership positions. They are often more open than men to changes that will drive climate action but are underrepresented in decision-making positions, especially in carbon-intensive industries.

**Climate-lens investors:** Climate solutions require large-scale investment. Women are growing in importance as investors who have a stronger preference than men for investing that prioritizes environmental, social, and corporate governance (ESG) factors.

**Low-carbon product influencers:** To persuade consumers to buy more low-carbon products, corporations should consider women’s preferences more closely. Women make a large proportion of household purchase decisions in areas that generate high emissions, such as food, travel, and energy. They are also more likely on average than men to change their habits in ways that contribute to emissions reduction.

Women are underrepresented in the climate activities of corporations and most governments. However, the idea of combining action on gender and climate is more prevalent in some governments and third-sector organizations. The 25th Conference of the Parties in 2019 (COP25) established a Gender Action Plan (GAP). COP26 in Glasgow will have a Gender Day. Mostly, the movement to connect climate
Climate and diversity are distinct challenges. Climate change is a global existential threat that affects everyone in some way. Diversity — including gender balance — varies among regions, cultures, and communities. Despite the rhetoric, many women we spoke to told us they believe that diversity is mostly not seen as enough of a critical business issue.

However, there are notable similarities. Climate and diversity both have social and business impacts. And each is a source of all-encompassing pressure for companies from multiple stakeholder groups, including investors, employees, government, and customers. These commonalities suggest value lies in thinking about climate and diversity together.

Progress in both diversity and climate action remains glacial. The challenges are large and complex, and pertinent data are often lacking. Potential solutions, too, share several characteristics — in particular the scale of action required. Both areas require a mindset of imagination to conceive of a world in which norms are fundamentally different from those that have prevailed until now.

Both challenges also entail difficult, multiyear journeys based on imperfect information, where good intentions run the risk of being labeled “woke-washing” or “greenwashing” — accusations that could discourage further action. Climate action requires changes in everything from individual behavior to corporate business models. Diversity goes beyond the promotion of underrepresented groups, such as women and people of color: If those people embody traditional “male” leadership characteristics, greater representation for them will not drive progress. Rather, firms need a new view of leadership that is collaborative, patient, and intuitive.

The firms that lead in both areas do so thanks to committed leaders who communicate continuously, with clarity, and from both head and heart. They set ambitious targets, which are combined with transparency and relentless follow-through. They are comfortable making decisions without full information. They drive buy-in from the entire organization, and they have a panoramic mindset that engages with the whole ecosystem they operate in.

Here are some learnings that apply to both diversity and climate action:

- **Target setting is a natural first step** but insufficient in itself.
- **Passion delivers, but compliance lags:** Leading firms believe in the business benefits of change in both areas.
- **Grassroots engagement accelerates change,** so top-down leadership is most effective when combined with employee activism.
action and gender representation is driven by the desire for a just transition, given the greater impact that climate change has on women, who make up the largest portion of the world’s poor.4

There is a growing awareness among some people in business that women have greater potential to act as changemakers. For example, a group of senior women leaders from business, the public sector, and society have formed a Women in Finance Climate Action Group. “Tackling climate change ... will take diversity of thought and fresh, challenging perspectives,” says Aviva CEO Amanda Blanc, who is convening the group. “That means women from all walks of life playing their part to the full in business, just as in society more widely.”

To reach net-zero emissions by 2050, all organizations should close the climate action gender gap by recognizing and acting on the roles that women play. Collaborative action is needed in all types of organizations, but this report focuses on corporations. It uses data and examples largely from Europe and North America, which account for just under one-third of global carbon dioxide emissions,5 though the lessons could apply globally.

Women are an essential force for climate solutions that work for the entire world population. Businesses can benefit from highlighting the relevance of gender equality to climate outcomes and from amplifying women’s roles as leaders, low-carbon product influencers, and climate-focused investors. Below, we explore the greater role women can play on each of these fronts.

“Tackling climate change ... will take diversity of thought and fresh, challenging perspectives.”

– Amanda Blanc
Group CEO Aviva and HM Treasury Women in Finance Champion
Exhibit 2: Role of women as climate changemakers and their underrepresentation

Growing but still underrepresented

<table>
<thead>
<tr>
<th>Underrepresentation as climate action leaders</th>
<th>Role as climate-lens investors</th>
<th>Role as low-carbon product influencers</th>
</tr>
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<tbody>
<tr>
<td><img src="https://via.placeholder.com/150" alt="Image" /></td>
<td><img src="https://via.placeholder.com/150" alt="Image" /></td>
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</tr>
<tr>
<td><strong>6%</strong></td>
<td><strong>40%</strong></td>
<td><strong>2/3</strong></td>
</tr>
<tr>
<td>of CEO positions at S&amp;P 500 companies held by women.</td>
<td>of total global wealth is held by women.</td>
<td>of global household spending is controlled by women.</td>
</tr>
<tr>
<td><strong>Less than 1/4</strong></td>
<td><strong>x2</strong></td>
<td><strong>75%</strong></td>
</tr>
<tr>
<td>of all jobs at any level in highest-emitting sectors held by women.</td>
<td>more likely to consider ESG in investment than men.</td>
<td>consider environmental impact (vs. 64% men)</td>
</tr>
</tbody>
</table>

Source: Oliver Wyman analysis
Women As Climate Action Leaders
Women are underrepresented at many leading companies: In the FTSE 250, there are only nine female CEOs (4% of the total) and 29 female CFOs (12% of the total). At S&P 500 companies, women hold just 6% of CEO positions. And a barometer of women in director positions indicated that in 2019, representation in Germany was 33%, in Japan 8.4%, and in India 15.9%.

There are especially few senior women in the six highest carbon-emitting industries: energy generation, mineral and metal mining, manufacturing, agriculture, transport, and construction. These sectors together account for 80% of the emissions reductions needed by the end of 2030 to prevent global temperatures from rising more than 1.5 degrees Celsius above pre-industrial levels.

However, based on 2017 International Labour Organization (ILO) data for OECD countries, women hold under 10% of jobs in construction; 14% in mining and quarrying (including extraction of crude petroleum and natural gas); and 19% in the manufacturing of coke and refined petroleum products. In transport, women account for 22% of the workforce.

Close the Climate Leadership Gap

Gender representation is important for companies with climate targets, as there is evidence that women in leadership positions contribute to climate goals. Women in government positions are more likely to sign on to international treaties to reduce global warming than men, according to previous studies. Women’s behavior as consumers and investors also shows that they on average are more concerned about climate change than men. (See sections below.)

Many companies appear to be realizing the contributions women can make to climate action: Female representation in chief sustainability officer roles in the United States rose to 54% in 2021 from 28% in 2011. However, the underrepresentation of women in other leadership positions — including the most influential decision-making roles, such as CEO, CFO, and board chair — is, we believe, constraining companies’ climate action.
Form Diverse Teams for Creative Solutions

The scale and complexity of climate action require creativity, collaboration, innovation, and the avoidance of groupthink — all factors on which diverse teams consistently score better. According to an ILO report, when companies established inclusive business cultures and policies, there was a 59% increase in creativity, innovation, and openness and a 38% better assessment of consumer interest and demand. European Central Bank President Christine Lagarde has said that better decisions are made when women and men come together at the table to create a “larger horizon.”

More generally, enterprises with equal employment opportunity policies and inclusive cultures are over 60% more likely to have improved profits and productivity, the ILO report said.

Companies should therefore recognize the importance of gender balance not just as a human resources initiative but as a contribution to climate action. They should set more specific gender representation targets for customer-facing roles as well as throughout the organization, such as in committee leadership on boards and as spokespeople and experts.

Organizations should also integrate their commitments and actions on diversity and climate into their narratives to potential employees. They should expect a variety of stakeholders to scrutinize their delivery on these commitments. And they should recognize that change requires a whole-organization effort: Climate and gender balance, both as ends in themselves and in combination, must be considered in day-to-day decision-making by employees across every part of an organization — from accounts to product development — a bit like efficiency or cost-effectiveness.

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Better decisions are made when women and men come together at the table to create a ‘larger horizon’.

– Christine Lagarde
European Central Bank President
Women As Climate-Lens Investors
About $100 trillion of investment in the energy transition is needed globally by 2050 to limit the rise in global temperatures to 1.5 degrees C, according to estimates. While governments must provide some of the capital, private finance needs to play a key role, too. The United Kingdom alone will need annual low-carbon investment to rise to £50 billion (about $70 billion) by 2030, from around £10 billion in 2020, to achieve net zero by 2050.

ESG investment is growing in popularity and can be part of the solution. Responsibly invested assets reached $17.1 trillion in the United States at the start of 2020, up 42% from $12 trillion just two years earlier. ESG investing now accounts for a third of all professionally managed assets in the country. In Europe, €10.7 trillion ($12.5 trillion) worth of assets took some sort of ESG consideration into account at the end of 2019 — 45% of total assets under management.

Women could give ESG investing a further boost, as they are more inclined than men to steer their funds towards green projects, studies show. One survey found that female investors are more than twice as likely as their male counterparts to say it is important for the companies they invest in to integrate ESG factors into their policies and decisions. That same survey also found that women were significantly more likely than men to have an interest in learning more about ESG investing. Another survey found that 65% of women stated that ethical investments are of high priority.

Seize the Opportunity of Closing the Investing Gap

Female investors control a growing proportion of investable funds. One reason is a narrowing of the huge gender investing gap: Women still have a relatively large
amount of uninvested savings that they could gradually invest. There would be an estimated annual revenue opportunity of at least $25 billion for wealth managers if women transferred money held in deposits to investments. Another reason is that a growing number of women now earn more or as much as their husband or male partner. In the US, over a quarter of wives earned more than their husbands in 2018, up from 15.9% in 1981. In addition, baby boomers are aging, and women continue to enjoy longer life expectancies than men, according to US Census data. Women's share of wealth in both Europe and North America was likely between 40% and 45% in 2018. But by 2030, women are projected to control two-thirds of all the wealth in the US. Employers can add momentum to this shift by closing the gender gaps in pay and pensions to boost women’s investment pots.

**Market Investment Products for Women**

Women tend to have different preferences when selecting a product or service. They typically want more information and ask more questions than men do. They are less likely to assume that a new or innovative financial product will work for them, so they place a high value on the opinions of peers. Women also often have different concerns than men. They tend to be more cost-conscious and may face greater issues of affordability and access. That means many financial products developed by a majority-male group often do not appeal to women.

Financial services providers should find new channels through which they can connect with women earlier in their lifetimes and develop relationships for long-term investing. That might mean reducing jargon, taking advantage of social media and digital platforms, providing customized investment goals linked to life events, or promoting financial well-being through their women’s networks.

Our discussions indicated that women are also more likely to invest when there is a gender lens — that is, when gender considerations are incorporated into financial models, analyses, and products. One study found that 32% of investments by female venture-capital partners are in companies founded by women, compared with 16% of investments by their male counterparts. So far, gender-lens climate investing appears not to have gone beyond impact investing to become mainstream. But investments that support climate action with a gender lens can also appeal to men and institutional investors,
who are increasingly demanding action on both climate and gender.

For a widening range of investors, ESG is now an essential component of investment performance, and focus is increasing on the social aspect as well as the interaction between the different parts of ESG. Leading investment firms can develop investment portfolios for their clients that are aligned with the Paris Agreement on climate change and that have a positive impact on gender balance.

By 2030, women are projected to control two-thirds of all the wealth in the US.
Women As Low-Carbon Product Influencers
Seventy-two percent of global greenhouse gas (GHG) emissions are related to household consumption—including the loss or waste of one-third of food produced for humans. By some estimates, annual carbon emissions need to be reduced to two tons per person globally by 2050 from the current four tons to meet Paris targets.

But most efforts so far to shift consumer habits, whether in shopping decisions or water usage, are failing. Consumers say they prefer sustainable products, but they are not under the same pressures to change as corporations, which are concerned about image and the possibility of new or stricter regulations. Individuals also may not be able to afford sustainable products, which are often more expensive. Companies therefore need ways to persuade people to buy greener consumer goods.

A greater focus on women’s preferences and their ability to influence consumption patterns could speed up progress. Women are a natural focus for efforts to change consumer behavior, as they control a large portion of household spending—two-thirds, according to one estimate. Women are also significantly more likely than men to recognize that climate action requires major lifestyle changes. On average, 75% of women consider the environmental impact of their purchases when they believe that it has a big effect on climate change, compared with 64% of men, according to one survey. Other past studies have shown that women are slightly more likely than men to be concerned about the environment and that they have stronger pro-climate opinions and beliefs.

Develop and Market Gender-Equitable, Low-Carbon Products

But women are not homogenous. If companies want consumers to buy more environmentally friendly products, they need to take their preferences into greater consideration in the development and marketing of lower-emission products and services. Companies need to use messages that resonate with consumers’ motivations.

For example, marketing campaigns can be more effective with women when they are
emotive and reassure consumers that they are doing what is “right.” An Oliver Wyman Lippincott study of 6,000 US consumers found that their moral foundation — what led them to believe something is right or wrong — was highly predictive of climate change beliefs and the messages that would persuade them to change their lifestyles.

Women were more heavily represented in the progressive, idealist, traditionalist, and fairness-seeker consumer archetypes, which are motivated by messages of being “right,” “fair,” and “decent.” Women were far less likely than men to consider themselves individualists, indicating that they tend to identify with a community. (See Exhibit 3.)

Exhibit 3: Women are more likely to engage with climate change than men, but for very different reasons
Segmentation based on individuals’ moral foundations

<table>
<thead>
<tr>
<th>Archetype</th>
<th>Climate Change Believers</th>
<th>Climate Change Deniers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Progressive</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>The Idealist</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>The Traditionalist</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>The Fairness Seeker</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>The Fighter</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>The Individualist</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>The Unplugged</td>
<td>61%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Source: Lippincott customer research 2017
Climate-related marketing and propositions should therefore elevate the profile of women as changemakers and climate warriors and build awareness of their heroic potential for fighting climate change. Messages should focus on trust, simplicity, and good value, which female consumers cite as very important.

**Use New Tech and New Tactics**

While data privacy laws make it harder to target individuals, new technologies enable companies to track websites popular with people concerned about climate change — even where the websites are not directly related to the climate. Ads targeted at these websites can spread product or climate-related messages, and a large proportion of the people reached would be women.

Some new services facilitate this tactic by analyzing pages’ semantic content — the terms that they contain and that are seen by their readers. Even if a website does not directly focus on the environment, it may contain words that indicate that typical readers are concerned about green efforts. Segmenting audiences like this can help a company understand what other topics are top of mind for people interested in climate change.

Another potential tool is social listening — the monitoring and analysis of social media posts to generate insights into consumers. Social listening can identify the factors that influence groups of consumers to choose certain types of products. The factors include those individuals who act as role models or tribe leaders and who have an outsized influence over other members of an online community.

Finally, green marketing aimed at women should not appear to exclude men. Otherwise there’s a danger of making a product, or green consumption in general, seem mainly for women. A smarter approach is gender-equitable messages that encourage both women and men to contribute to climate action.

75% of women consider the environmental impact of their purchases when they believe that it has a big effect on climate change, compared with 64% of men.
Diversity and Climate: The Future
This report has focused on women and climate action, and we recognize the limitations of our work. We have focused on women and a binary view of gender that is not inclusive of all identities or experiences. We have not discussed intersectionality and other dimensions of difference, such as race and ethnicity, although people of color typically suffer disproportionately from climate change and are underrepresented in the climate movement. Our limited focus is primarily due to lack of data.

While more research should be done on the potential of wider diversity to drive climate action, we need to act now. We know that gender is a powerful lever and that companies must use all potential tools to limit warming to a maximum of 1.5 degrees C, in line with Paris Agreement commitments. Women can — and must — be part of the solution.

In the end, companies that are good at diversity are likely to be good at climate action. Those that combine the two will find they are in a better position than others to do business in a low-carbon economy.

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**Our recommendations**

**Set and communicate ambitious climate and gender targets** in areas including products, financing, and specific roles in the organization. These should represent a clear vision. Disclose performance against these targets for transparency and accountability.

**Ensure that senior executives thoroughly understand the links between women and climate action.** Implement clear governance, including oversight at the board and executive-committee levels.

**Integrate gender and climate action throughout the business’s operating model and processes,** including activities such as product development, hiring, and the evaluation of policies and spending. Neither gender representation nor climate action should be siloed. Form a clear narrative of this action for all stakeholder groups, including employees (and potential hires), customers, investors, and regulators. As gender mainstreaming is not straightforward to understand, effective storytelling will be critical.
The climate challenge is the ultimate challenge for all of us — for companies, governments, regulators, nations, and citizens. I hope companies carefully consider the value in promoting diversity when addressing this challenge in their decision-making.”

– Kwasi Kwarteng
UK Secretary of State for Business, Energy & Industrial Strategy
Endnotes

1. “COP21 is too male dominated and has male priorities, says UN special envoy,” The Guardian (2015).
3. Gender Day is Nov. 9. Full schedule available here.
4. Balgis Osman-Elasha, “Women...In the shadow of climate change,” UN.
6. BoardEx
8. “Women on Corporate Boards,” Catalyst, Quick Take (March 13, 2020). Data from MSCI, an independent research firm that develops global equity indexes; the MSCI ACWI Index contains all sources of equity returns in 23 developed and 24 emerging markets. MSCI ACWI Index.
28. “Women VCs Invest in up to 2x more Female Founders,” Kauffman Fellows.
30. Climate Action Navigator, Oliver Wyman Forum.
32. “Getting Real - a blueprint for a commercially smart climate transition,” Oliver Wyman.
35. Oliver Wyman Lippincott Study.
36. “Social Listening is revolutionizing new product development,” Oliver Wyman.
38. Paris Agreement, UNFCC. Available here.
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