



Morningstar Gender Diversity Index Family – ESG Benchmark Statement

July 2021

CONSIDERATION OF ESG FACTORS IN THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Morningstar
Item 2. Type of benchmark.	Equity
Item 3. Name of the benchmark.	Benchmark – Morningstar Gender Diversity Index Family – Morningstar Sustainability Equity Package
Item 4. Does the methodology take into account ESG factors?	Yes
Item 5. ESG factors taken into account for benchmark family.	
(a) List of environmental factors considered	<p>This benchmark family takes the following environmental factors into account by exclusion: N/A</p> <p>This benchmark family takes the following environmental factors into account by selection: N/A</p> <p>This benchmark family takes the following environmental factors into account by weighting: N/A</p>
(b) List of social factors considered	<p>This benchmark family takes the following social factors into account by exclusion: If an identified incident signals structural or systemic problems according to Equileap's methodology, the company receives an Alarm Bell and becomes ineligible for the index. Companies involved in a legal judgement or an official ruling regarding gender discrimination or sexual harassment against any employees, two or more legal cases brought against the company regarding gender discrimination or sexual harassment against any employees that have been settled, two or more legal judgements or official rulings regarding gender discriminatory practices in its marketing and advertising in the last two years are added to the Alarm Bell controversy list. All benchmark securities that are not part of the latest Alarm Bell controversy list of securities provided by Equileap are eligible for the Morningstar Gender Diversity Index family. The Alarm Bell securities will continue to be part of the controversy list for the next 12 months from the date it was flagged by Equileap. No other negative screening is applied apart from the Alarm Bell controversy list.</p> <p>This benchmark family takes the following social factors into account by selection: N/A</p> <p>This benchmark family takes the following social factors into account by weighting: All eligible constituents are sorted in the descending order of their Equileap Gender Equality</p>

	<p>score. Companies are ranked according to 19 gender criteria in four categories: gender balance in leadership and workforce, equal compensation and work-life balance, policies promoting gender equality, commitment to transparency and accountability.</p> <p>For all securities with the same Gender Equality score, Category A data is used to break the tie, starting with criterion 5 (promotion and career development) and continuing, where required, through criterion 4 (workforce), 3 (senior management), 2 (executive), and 1 (board). In the case of securities having the same Category A score, the one with the higher Gender Equality score for the previous year is assigned a higher rank.</p> <p>Within each broader region, divide the securities into five groups based on the ranks assigned using Equileap’s Gender Equality scores in earlier steps having an equal number of securities in each of the five groups. Two or more securities with the same Gender Equality score, Category A scores, and previous year Gender Equality scores are always assigned to the same group. Thus, each of the five groups across the regions might not contain an equal number of securities, though this is the target.</p> <p>Assign tilt factors of 0.50, 0.75, 1.00, 1.25, or 1.50, in this respective order to the security groupings with the worst to the best Equileap Gender Equality scores in the previous step.</p> <p>For securities that are part of the current eligible universe, which had been excluded due to the presence of the Alarm Bell controversy at the previous reconstitution, are assigned an additional factor of 0.5 such that Final Tilt Factor = 0.5 x Tilt Factor. The Tilted Weight is calculated for each security.</p> <p>To minimize deviation from corresponding weights in the parent index, the region weights in the index are ensured to be equal to region weights in the benchmark index during each reconstitution. The weights of the securities within each region are maintained in the proportion of their tilted weights after normalization, as assigned in the prior step.</p> <p>As a final step, individual security weights are capped at 5% to avoid concentration risk, and the excess weights are redistributed over the other constituents of the portfolio in the proportion of their existing weights.</p>
(c)List of governance factors considered.	<p>This benchmark family takes the following governance factors into account by exclusion: N/A</p> <p>This benchmark family takes the following governance factors into account by selection: N/A</p> <p>This benchmark family takes the following governance factors into account by weighting: N/A</p>

Item 6. ESG factors applied for the stated benchmark.

(a)List of environmental factors considered:

Exclusion: N/A

Selection: N/A

Weighting: N/A

(b)List of social factors considered:

Exclusion:

- Companies added to Equileap's Alarm Bell controversy list are excluded from the index.

Selection: N/A

Weighting:

- All eligible constituents are sorted in the descending order of their Equileap Gender Equality score. Companies are ranked according to 19 gender criteria in four categories: gender balance in leadership and workforce, equal compensation and work-life balance, policies promoting gender equality, commitment to transparency and accountability.
- For all securities with the same Gender Equality score, Category A data is used to break the tie, starting with criterion 5 (promotion and career development) and continuing, where required, through criterion 4 (workforce), 3 (senior management), 2 (executive), and 1 (board). In the case of securities having the same Category A score, the one with the higher Gender Equality score for the previous year is assigned a higher rank.
- Within each broader region, divide the securities into five groups based on the ranks assigned using Equileap's Gender Equality scores in earlier steps having an equal number of securities in each of the five groups. Two or more securities with the same Gender Equality score, Category A scores, and previous year Gender Equality scores are always assigned to the same group. Thus, each of the five groups across the regions might not contain an equal number of securities, though this is the target.
- Assign tilt factors of 0.50, 0.75, 1.00, 1.25, or 1.50, in this respective order to the security groupings with the worst to the best Equileap Gender Equality scores in the previous step.
- For securities that are part of the current eligible universe, which had been excluded due to the presence of the Alarm Bell controversy at the previous reconstitution, are assigned an additional factor of 0.5 such that Final Tilt Factor = 0.5 x Tilt Factor. The Tilted Weight is calculated for each security.
- To minimize deviation from corresponding weights in the parent index, the region weights in the index are ensured to be equal to region weights in the benchmark index during each reconstitution. The weights of the securities within each region are maintained in the proportion of their tilted weights after normalization, as assigned in the prior step.
- As a final step, individual security weights are capped at 5% to avoid concentration risk, and the excess weights are redistributed over the other constituents of the portfolio in the proportion of their existing weights.

(c)List of governance factors considered:

Exclusion: N/A

Selection: N/A

Weighting: N/A

Description of factors considered.

Equileap Gender Scorecard: The Equileap Gender Scorecard is inspired by the UN's Women Empowerment Principles. For each gender criterion, one or several metrics have been identified to evaluate it. Last, a score and weighting has been allocated to each criterion to reflect that some issues may be more important for furthering gender equality than others.

Equileap Alarm Bell controversy list: In addition to looking at the policies a company has in place to address and prevent gender discrimination and gender violence, Equileap monitors incidents involving sexual harassment or gender discrimination and provides gender controversy research to investors. We monitor news sources from around the world to identify those news items that could be significant from a gender perspective. Based on our news monitoring and company research, we identify incidents such as lawsuits and official rulings and collect relevant information and references. We evaluate individual incidents according to Equileap's Alarm Bell definition. Depending on the outcome of the evaluation, the incident is placed on a watchlist or may escalate into a formal Alarm Bell.

Data Inputs:

Externally sourced through Equileap

Equileap

Equileap is an independent, specialized data provider with a broad scope of gender metrics. We enable investors to make better investment decisions with data on equality in the workplace.

<https://equileap.com/>

Reference standards:

Equileap's proprietary Gender Equality Scorecard™ is the methodology used to holistically assess a company's gender equality performance, from the board to the supply chain. It is based on various metrics including gender balance across the workforce, the gender pay gap, paid parental leave and anti-sexual harassment policies.

Date on which information has been last updated and reason for the update: July 2021