

Morningstar Gender Diversity Indexes

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The United Nations Sustainable Development Goals state, "Gender equality is not only a fundamental human right, but also a necessary foundation for a peaceful, prosperous, and sustainable world." Societies that tap into the full potential of their populations are more competitive, and in the corporate sphere, the same principles hold. Research has shown that companies committed to robust gender diversity policy and practice can achieve superior financial results.

Built with the data and scoring methodology of Equileap,¹ The Morningstar Gender Diversity Indexes are designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender.

Measuring gender diversity

Equileap assigns companies a Gender Equality Score based on 19 criteria across four broad categories, which are weighted differently.

- **Category A:** Gender Balance in Leadership and Workforce
- **Category B:** Equal Compensation and Work-Life Balance
- **Category C:** Policies Promoting Gender Equality
- **Category D:** Commitment, Transparency, and Accountability

Examples of the 19 criteria driving category scoring include the gender balance of senior management, the gender pay gap, and policies around parental leave and sexual harassment. Equileap also examines a company's legal record, placing companies embroiled in legal cases involving gender-based violence and discrimination on the Alarm Bell List.

Index eligibility

The Morningstar Gender Diversity Indexes derive their constituents from the corresponding country/region large-mid index from the Morningstar Global Markets Indexes. All companies from the parent index that are not part of Equileap's Alarm Bell List are eligible for index inclusion. Companies are ineligible for index inclusion for 12 months after initially appearing on the Alarm Bell List.

Portfolio construction

Within each region, companies are ranked in descending order by their Equileap Gender Equality Score and divided into five equally sized groups, with regional weights being neutral with respect to the parent index. The top group (Group 1) includes companies with the highest scores, and the bottom group (Group 5) includes companies with the lowest scores. The tilt factors listed below are then applied by multiplying the weight of each company in the parent index by the tilt factor to determine its weight in the Morningstar Gender Diversity Index.

| Group | Tilt factor % |
|-------|---------------|
| 1 | 1.50 |
| 2 | 1.25 |
| 3 | 1.00 |
| 4 | 0.75 |
| 5 | 0.50 |

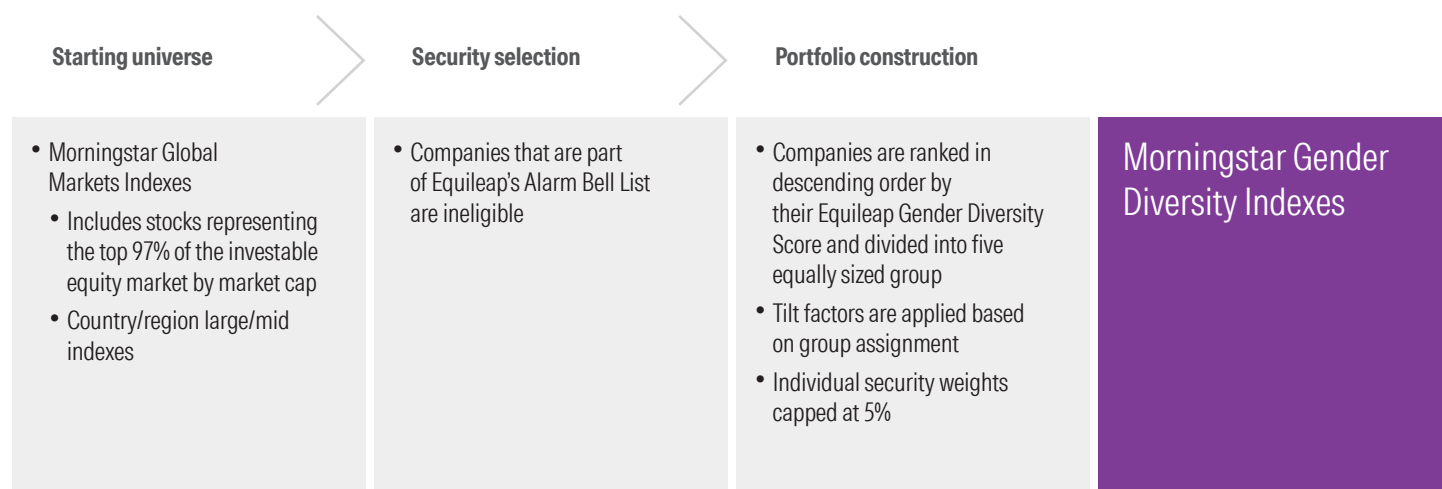
In cases where companies have an equal Gender Equality Score, additional data points such as board and executive diversity are used to determine which company will receive the higher tilt factor. Individual constituent weights are capped at 5% of the overall index weight.

Index maintenance

The indexes are reconstituted annually in December and rebalanced quarterly in March, June, September, and December.

¹ Visit <https://equileap.com> to learn more about Equileap

Construction process



About Morningstar Indexes

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers and advisors in navigating investment opportunities across major asset classes, styles and strategies. From traditional benchmarks and unique IP-driven indexes, to index design, calculation and distribution services, our solutions span an investment landscape as diverse as investors themselves.

Please visit indexes.morningstar.com for more information.