Gender Diversity Portfolio Metrics
Frequently Asked Questions

What do we mean by "gender diversity metrics"? What is the scope of these calculations?
This data set is about identifying the gender of board members (directors) and senior leaders (executives) of major U.S., U.K., and Canadian companies, both at the individual stock level and within the portfolio of managed investments. Using the company-level numbers as a basis, various calculations are being performed to assess the percentage of women directors and executives at the portfolio level, both for funds and for indexes.

What are the names of these gender diversity metrics fields?
Number of Female Directors
Number of Male Directors
Number of Female Executives
Number of Male Executives
Number of Female Executives and Directors
Number of Male Executives and Directors
Percentage of Female Directors
Percentage of Male Directors
Percentage of Female Executives
Percentage of Male Executives
Percentage of Female Executives and Directors
Percentage of Male Executives and Directors

How frequently is the data updated?
The portfolio aggregates will be updated each time the portfolio holdings of an eligible fund are refreshed in the Morningstar database, which will be on a monthly or quarterly basis in the majority of cases. We receive updated portfolio holdings on an ongoing basis, which means gender metrics of individual funds get updated on an ongoing basis, too (they do not follow a monthly or quarterly production schedule).

The underlying equity data is updated annually for U.K. and Canadian companies, after the annual reports are published. U.S. companies may get updated more frequently based on company events and notifications reported in legal filings.

Important Disclosure
The conduct of Morningstar’s analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures
What are the exact source documents used for the companies covered?
Equity legal filings in the U.S., U.K., and Canada, which include the following lists for each market:
Canada: Proxy Circular, Annual Information Form, Annual Report
U.K.: Annual Report, Regulatory News Services

Note that sustainability reports are not used in this collection.

How is gender data collected or derived?
Binary gender data (male/female) is in many cases directly available in source documents such as the annual report or in incremental sources such as the 8-K and the Regulatory News Services. If it is not directly reported, our collection team identifies gender through prefix (Mr./Ms.) and pronouns (he/she; his/her) and at times based on first names. If gender is not evident from the biography in the source documents, the collection analyst will use online search engines to confirm gender, and when a search does not return any clear information, the field will remain blank to account for cases where the gender may be nonbinary.

How do you define "director" and "executive"?
Director: a member of the board.

Executive: an executive member of the senior leadership team, which mainly consists of the CEO and the CEO's direct reports.

We collect director and executive information for Canadian and U.S. companies from annual reports, 10-K, and DEF 14A. For U.K. companies, we only collect secretary and director data.

Overall, our process collects gender data for all listed directors & executive officers but not for positions outside of the executive team. More concretely, this means we tag any person listed in a filing with a reported title containing the words president, chief executive officer, chief financial officer, chief operating officer, chief accounting officer (top five executive office titles). These may be disclosed as executive officer, named executive officer, member of the management team/board, executive team, or executive management.

What is our current coverage at the company level?
For all active and under coverage companies, we have the latest annual report data updated. The number of companies covered as of early second-quarter 2021 was the following:

<table>
<thead>
<tr>
<th>Fld_ISOCountryCode</th>
<th>Company</th>
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</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>CAN</td>
<td>2,500</td>
</tr>
<tr>
<td>GBR</td>
<td>1,975</td>
</tr>
</tbody>
</table>
Please note that the companies covered are listed on key exchanges in the U.S., U.K., and Canada, even if they may be headquartered in other countries, which means geographic coverage is not restricted to these three countries. Efforts to increase coverage and make it even more global are underway, which will result in an increasing number of companies being covered over time. Finally, coverage is usually better for directors (board members) than for executives (senior executive positions in the company) because of the generally wider availability of this information in legal filings.

What does coverage look like at the portfolio level?
Because of the source data scope (U.S., U.K., and Canadian companies), coverage at the portfolio level also tends to focus on U.S., U.K., and Canadian equity categories. Coverage is highest (over 90% of the portfolio is covered) for global funds that belong to U.S. equity categories (over 10,000), global indexes (6,500), and U.S. separate accounts (4,500). In total, over 40,000 open-end, closed-end, and exchange-traded funds will receive gender diversity metrics globally, half of which would be derived from over 50% of the portfolio’s assets. The average coverage of U.S., U.K., and Canadian funds is between 70% and 75% of the portfolio. As holding-level coverage expands over time, so will portfolio level coverage.

Are these metrics based off of Sustainalytics research?
No, this methodology is not part of the Sustainalytics product research. Sustainalytics has developed a few separate diversity data points that can be found within broader data sets, such as the new Impact data set, but the methodology and scope of those are different and currently not related to the metrics discussed in this document. In the future, we may be revisiting the various metrics available and streamlining them.

How can this data help me, how should I use it?
This data set provides insights into the holdings of the fund or portfolio held and, more specifically, the gender of executives and board directors running the companies held in the portfolio. Taking into account the percentage of assets under management covered, the gender percentages of various funds may be compared, in order to dive into the holdings data and understand which companies may drive the overall numbers. These gender metrics can also be combined with other governance or ESG metrics both at the portfolio and holding levels in order to better assess how well a portfolio may do in terms of integrating various governance, social, or environmental issues and how it compares with peers.

Please note that this data set does not provide insights into the gender composition of portfolio manager teams or of the asset manager firms that run the funds; the percentages derived are weighted averages of the gender percentages of companies held in the portfolio. A wider variety of metrics will become available over time, as our collection and calculation capabilities for this type of data are enhanced.