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## FOR IMMEDIATE RELEASE

### **World's Largest Asset Owner, Japan's Government Pension Investment Fund, Selects New Gender Diversity Index Launched by Morningstar in Collaboration with Equileap**

*New index weights constituents based on 19 gender equality criteria provided by Equileap*

TOKYO, Dec. 18, 2020 -- [Morningstar, Inc.](#) (Nasdaq: MORN), a leading provider of independent investment research, today announced the launch of the [Morningstar® Developed Markets ex-Japan Gender Diversity Index<sup>SM</sup>](#), a new index powered by the data and scoring methodology of [Equileap](#), a global provider of data and insights on gender equality for investors.

Seeking long-term better risk-adjusted returns, Japan's Government Pension Investment Fund (GPIF), the world's largest pension fund with approximately \$1.5 trillion in assets under management as of June 2020, incorporates not only financial factors but also environmental, social, and governance (ESG) factors in its investment decisions and now tracks the Morningstar Developed Markets ex-Japan Gender Diversity Index. The Morningstar Developed Markets ex-Japan Gender Diversity Index is designed to provide exposure to developed market companies exhibiting strong gender diversity policy and practices, leveraging the Equileap Gender Equality Scorecard™. Investor demand for ESG has increased drastically in the last decade; [Morningstar research](#) shows global assets in sustainable funds hit a record high of \$1.2 trillion as of September 2020.

**Ron Bundy, president of Morningstar Indexes**, said: "During a tumultuous year consumed by a global health and economic crisis in which research shows working women pay a disproportional toll, transparent practices and policies that advance gender representation should be top of mind for companies. We are thrilled to be working with Equileap and GPIF on a meaningful endeavor that we believe will have the

potential to not only act as a catalyst to shape corporate behavior but also help investors achieve their financial goals.”

**Yu-Tsung Chang, president of Ibbotson Associates Japan, Inc.**, a wholly owned Morningstar company in Japan that worked on this initiative, said: “It’s a privilege to work with GPIF on this initiative to drive greater awareness of gender equality in corporate culture. Over the past 20 years since we established our presence in Asia, Morningstar has continuously aimed to empower investor success by providing an independent perspective and sharing insights on issues important to investors, such as gender equality.”

**Diana Van Maasdijk, chief executive officer of Equileap**, said: “Given the state of the world today, it is more important than ever for companies to advance social justice issues, including gender equality. The fact that the largest pension fund in the world is investing with a gender-lens is a clear message for companies to step up their game. It is also an inspiration for all investors who care about increasing share price, as well as a more inclusive and robust economy. ”

### **A Gender Equality Report by Morningstar and Equileap**

To build on the interest in the area of gender equality, Morningstar and Equileap today published a white paper highlighting gender disparity in the corporate sphere, “[Investing Inclusively: Building Shareholder Value Through Gender Diversity.](#)”

The report highlights that companies that foster gender diversity and create inclusive cultures are tapping into the potential of the full population and are positioned to benefit from the effects of cognitive diversity. They are not only advancing the cause of human rights but also have the potential to maximize shareholder value. However, many barriers still exist on the road to gender equality. Insights from the report include:

- The Morningstar Developed Markets Gender Diversity Index allocates above-market weight to both Australia and the U.K. Equileap attributes Australia’s high scores to Australian legislation in place since 2012 requiring companies to publish comprehensive public reports on their gender equality performance on a yearly basis and cites Australia as an example of how enforced transparency can motivate improved performance over time. The U.K., for its part, is recognized for having one of the world’s highest levels of female workforce participation, along with France, Hong Kong, Switzerland, and the U.S.<sup>1</sup>
- As a point of comparison, Japan stands out as having low female representation across a variety of companies. With an average of 7% women on corporate boards, 2% at the executive level, 4% in senior management, and 25% in the workforce, Japanese companies fall far below all 23 countries researched by Equileap.<sup>2</sup>

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<sup>1</sup> Page 10, [Gender Equality Global Report & Ranking](#), 2019 Edition, Equileap

<sup>2</sup> Page 10, [Gender Equality Global Report & Ranking](#), 2019 Edition, Equileap

- From an economic sector perspective, the index maintains above-market weight to the utilities sector. Equileap found utilities to be high scoring for gender equality. Financial services, a sector that has long struggled with female underrepresentation, is underrepresented in the index.

### **Composition of the Morningstar® Developed Markets ex-Japan Gender Diversity Index<sup>SM</sup>**

The Morningstar Developed Markets ex-Japan Gender Diversity Index selected by GPIF is derived from the Morningstar Developed Markets ex-Japan Large-Mid Index, which includes large- and mid-capitalization equities from the U.S., Canada, Western Europe, Israel, Australia, Hong Kong, New Zealand, and Singapore. The constituents are weighted according to 19 gender equality criteria, including gender balance across the workforce, the gender pay gap, paid parental leave, and anti-sexual harassment policies. So, in addition to providing a similar risk/return profile to the broad market, the index is built to provide exposure to publicly traded companies with strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender.

Companies which are part of the Equileap Alarm Bell controversy list are ineligible for the index. The remaining companies are weighted according to both their Equileap gender equality score and their float-adjusted market capitalization. Individual constituent weights are capped at five percent, and the index is reconstituted annually. The methodology for the construction of the Morningstar Developed Markets ex-Japan Gender Diversity Index is available [here](#). Additional information about the Equileap Gender Equality Scorecard is available [here](#).

The Morningstar Developed Markets Ex-Japan Gender Diversity Index joins Morningstar Indexes' growing offering of sustainable indexes including the Morningstar Minority Empowerment Index, the Morningstar Low Carbon Index Family, Morningstar Women's Empowerment Index, among others. Learn more about the lineup of Morningstar Indexes [here](#).

### **About Morningstar, Inc.**

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The Company offers an extensive line of products and services for individual investors, financial advisors, asset managers, retirement plan providers and sponsors, and institutional investors in the debt and private capital markets. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, debt securities, and real-time global market data. Morningstar also offers investment management services through its investment advisory subsidiaries, with approximately \$215 billion in assets under advisement and management as of Sept. 30, 2020. The Company has operations in 29 countries. For more information, visit [www.morningstar.com/company](http://www.morningstar.com/company). Follow Morningstar on Twitter @MorningstarInc.

### **About Equileap**

Equileap is the leading provider of data and insights on gender equality in the corporate sector. Launched in 2016 in Amsterdam, the social enterprise aims to accelerate progress towards gender equality in the workplace. Equileap researches over 3,500 public companies globally using its comprehensive Gender Equality Scorecard™ with 19 criteria, including gender balance across the workforce, the gender pay gap, paid parental leave and anti-sexual harassment policies. Its data and indices are used by dozens of financial institutions globally. For more information, visit [www.equileap.com](http://www.equileap.com). Follow Equileap on Twitter @equileap.

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