2020

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Bloomberg

Gender-Equality Index

Gender-Equality Index Methodology

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A Message from Bloomberg LP

In today's environment, it has never been more critical for a company to demonstrate its commitment to solving for gender inequality. Stakeholders, including employees, investors and regulators, care more than ever about how a company treats its employees and whether its products and services are helping serve the needs of society.

Leading the charge for transparency, the companies included in the 2020 Bloomberg Gender-Equality Index have set a new standard for data reporting. By publicly releasing their gender-related data, these companies have fortified their commitment to gender equality internally and in the communities around them. Headquartered in more than 40 countries, the companies who have disclosed their gender data for fiscal year 2018 account for a combined market capitalization of over $14 trillion.

Attracting both talent and capital, these companies are benefiting from the new norm of transparency. And we all benefit from increased data. At Bloomberg, we are strong believers in "data for good" and are pleased to see companies using our framework to hold themselves accountable.

Congratulations to all the companies around the world taking the lead in driving change through measurement and transparency.

Index Overview

The Bloomberg Gender-Equality Index (GEI) is a modified market capitalization-weighted index that aims to track the performance of public companies committed to transparency in gender-data reporting.

Bloomberg ESG Data

Bloomberg's Environmental, Social & Governance (ESG) coverage encompasses information from more than 11,500 global companies. The information captured is organized into more than 1,000 fields that are structured into actual, standardized, and derived data. To ensure accuracy and consistency, Bloomberg captures data only from direct sources, such as: corporate responsibility reports, annual reports, ESG releases, proxy & corporate governance reports, and data submitted to Bloomberg by the company directly, including Bloomberg's gender reporting framework. Bloomberg's global team of ESG analysts run sophisticated, multi-layer quality control systems to ensure that all data conforms to the highest standards.

Bloomberg Gender Reporting Framework

Bloomberg's gender reporting framework ("GEI framework") is a standardized reporting method used globally to acquire comprehensive workplace gender data. The GEI framework defines a set of metrics used to determine a company's progress towards equal representation of gender throughout the levels of the organization, commitment to gender equality goals, policies in place to reduce the impact of familial stresses and responsibilities on the workplace, and progress towards positive impact on women outside of the employee base. On an annual basis, Bloomberg conducts a systematic outreach to a balanced group of representative stakeholders to help to select metrics critical to promoting equity in the workplace in the current global environment surrounding gender equality.

In addition to setting the determinate list of metrics, the GEI framework also provides specific definitions for each data point to ensure the data is consistently measured across markets and industries.

The fiscal year 2018 reporting framework includes 75 metrics, each allocated to one of five pillars:

- Female Leadership & Talent Pipeline

- Equal Pay & Gender Pay Parity

- Inclusive Culture

- Sexual Harassment Policies

- Pro-Women Brand

Companies have a three month period beginning May 1 to review the updated standards and report data directly to Bloomberg in alignment with the GEI framework to supplement their annual reporting for the previous fiscal year.

Index Overview

GEI Universe Criteria

Starting with the full universe of 11,500+ public companies in Bloomberg's ESG data set, Bloomberg screens securities to be eligible for inclusion in the index using the following criteria:

• Current market capitalization is greater than or equal to USD 1B (1,000,000,000)

• 3-Month average daily value traded is greater than USD 50,000

• 3-Month average trading volume must be greater than USD 5,000

• In the event a company has multiple listings that meet these screening criteria, the public ticker selected for the index will be determined by:

  – Liquidity, based on average volume and average daily value traded

  – Market capitalization

Bloomberg Industry Classification System (BICS)

The GEI scoring process uses the Bloomberg Industry Classification Standard (BICS), an industry classification system developed and maintained by Bloomberg. BICS provides comprehensive hierarchal levels to capture all activities in an industry for more than 60,000 publicly-traded companies. Members of groupings have similar economic cycles and drivers. Bloomberg classifies companies based on various qualitative and quantitative measures. The lead quantitative measure for determining primary business activity is revenue. Secondary quantitative considerations include operating income and assets. Qualitative measures such as market perceptions are also considered if a strong consensus exists within the market or when quantitative measures are insufficient to determine the company's primary classification. Company classifications are reviewed annually and on an ad-hoc basis during or after significant corporate action events (acquisitions, divestitures, etc.).

Index Methodology

Index Inclusion

Publicly-traded equities are included in the index if they meet the universe criteria (see page 5) and have a GEI score above a globally-established threshold. The proprietary score threshold for index selection is reviewed and updated annually. GEI scores are calculated once per year using the previous fiscal year data for gender-related fields available on the Bloomberg Terminal fundamental analysis (FA) profile. FA displays comprehensive financial information, including ESG data, on a per company basis and provides a standardized template that can be used to draw fair comparisons between companies that report in different formats.

Index Weighting

The index uses a modified market capitalization-weighted model determined by multiplication of each company's current market cap and its respective GEI score.

Index Rebalancing

The index rebalancing for inclusion and updated GEI scores takes place at New York market open on the Monday following the third Friday of January each year. The weights of the index are subsequently rebalanced on the Monday following the third Friday of each of the three remaining quarters of the calendar year to account for changes in market cap. The membership of the index remains constant throughout the calendar year, except that constituents may exit due to delisting or acquisition of member companies.
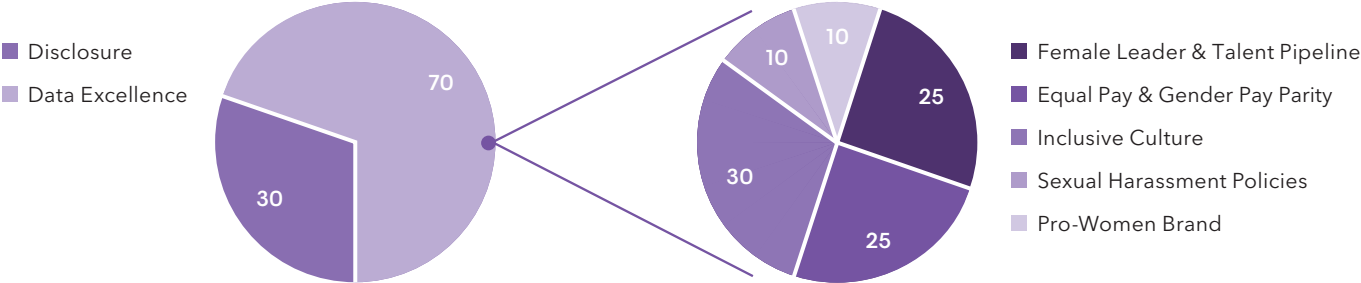
Scoring Methodology

Companies are assigned a Bloomberg GEI score based on the data disclosed for the metrics defined in the GEI framework. The GEI score measures both level of disclosure of gender-related data, as well as distinguished performance via a data excellence component score. The data excellence component score is further broken down into scores for each of the GEI framework pillars, and includes corporate performance of its gender-data metrics against its industry peer group.

The GEI score is measured on a scale from zero to 100%, with 100% being a perfect score.

GEI Score

Data Excellence Components

- ■ Disclosure
- ■ Data Excellence

70

30

- ■ Female Leader & Talent Pipeline
- ■ Equal Pay & Gender Pay Parity
- ■ Inclusive Culture
- ■ Sexual Harassment Policies
- ■ Pro-Women Brand

10
10
10
25
30
25

The GEI framework aims to capture social data across five areas of the company: 1) Female Leadership & Talent Pipeline, 2) Equal Pay & Gender Pay Parity, 3) Inclusive Culture, 4) Sexual Harassment Policies, and 5) Pro-Women Brand. As detailed below further, the data excellence component score places the largest weight on female representation in leadership and corporate policies promoting inclusive culture.

I. Disclosure

The disclosure score is worth 30% of the GEI score. It has a maximum value of 100% and is calculated by awarding one point for every metric disclosed, then dividing by the total possible metrics the company could have provided. Total possible points vary depending on whether the company has a retail base, provides financial services, and/or has a U.S. workforce. If these factors do not apply to a company, then they do not impact that company's disclosure score.

II. Data Excellence

The data excellence score makes up 70% of the GEI score. A company's data excellence score is broken down into scores for each of the five pillars. The pillar scores are weighted in the following proportions to determine the data excellence score: Female Leadership & Talent Pipeline (25%), Equal Pay & Gender Pay Parity (25%), Inclusive Culture (30%), Sexual Harassment Policies (10%), Pro-Women Brand (10%).

Each pillar score has a maximum of 100% and is determined by dividing the number of earned points by the total possible points. Total earned points for each pillar is determined by scoring of the underlying data against proprietary thresholds, which are re-determined annually based on changes in the data fields collected and market conditions. A description of the thresholds applied to each question is provided on the scorecard, which is presented to the companies that have submitted data using the GEI framework for full transparency into their company-specific scores. Each metric is worth one to eight possible points based on the impact on female

Scoring Methodology

participation in the workforce and the market's level of concern for performance in that area. For example, research demonstrates a strong correlation between policies addressing parental leave and the rate at which women return to work.[1]

Female Leadership & Talent Pipeline

Each question is scored out of two possible points. Most questions have two thresholds, so that a company can earn one point by reaching and/or surpassing the minimum value of the first threshold, and another if it meets and/or surpasses the second threshold. If a question has a single threshold, however, then two points will be awarded for reaching the singular threshold. To deter bias by industry, some thresholds for this pillar are based on the upper quartile, upper middle quartile, or average of the industry for (a) percentage of women out of total employees, (b) percentage of female executives, (c) percentage of female senior managers, or (d) percentage of women on corporate boards using data collected by Bloomberg and using the BICS classifications to define industry peer groups. The second threshold for percent women of entry-level positions uses the sector average from the McKinsey & Company Women in the Workplace 2018 report.[2] The second threshold for percent women of IT and engineering workforce uses an average of the percentage of STEM degrees that are earned by females in different countries from research compiled by Catalyst.[3]

Equal Pay & Gender Pay Parity

Each question is scored out of one or two possible points, though there is only a singular threshold. Points are awarded either for reporting relevant pay-related data, or for implementation of the recommended action in the given area, such as having conducted a gender-based compensation review or released quantitative global gender pay gap metrics.

Inclusive Culture

Each question is scored out of one to eight possible points. Point values for parental leave policies are the highest of any questions in the framework due to their integral relationship to gender equity in the workplace. Quantitative questions have two thresholds, while yes/no questions have a singular threshold. Companies are awarded points for having policies in place that meet generally-accepted best practices for promoting inclusivity and equality in the workplace.

Sexual Harassment Policies

Each question is scored out of two possible points. The quantitative question has two thresholds, while yes/no questions have a singular threshold. Points are earned by having anti-harassment policies in place that meet generally-accepted best practices.

Pro-Women Brand

Each question is scored out of one or two possible points, though there is only a singular threshold. Points are awarded to companies with customer-related or community-related policies in place that meet generally-accepted best practices.

[1] International Monetary Fund (2018, May). Pursuing Women's Economic Empowerment. Retrieved from International Monetary Fund website: https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/31/pp053118pursuing-womens-economic-empowerment

[2] Thomas, Rachel, et al. (2018) Women in the Workplace. Retrieved from McKinsey & Company website: https://womenintheworkplace.com

[3] Catalyst (2019, June 14). Quick Take: Women in Science, Technology, Engineering, and Mathematics (STEM). Retrieved from Catalyst website: https://www.catalyst.org/research/women-in-science-technology-engineering-and-mathematics-stem

Contact us.

If you are interested in more information or
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