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# NORTH AMERICAN GENDER EQUALITY INDEX

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14 SEPTEMBER 2017

# ACKNOWLEDGMENTS

Equileap would not exist without the support and help of several organisations and individuals. We would like to thank you all for your input, it has been invaluable.

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# / ABOUT US

## ABOUT EQUILEAP

Equileap is a social venture that aims to accelerate progress towards gender equity in the workplace as a vital lever in reducing poverty and inequality. It uses the three strategies to do this:

- **INVEST** - It encourages private and institutional investors to diversify their portfolios with a unique set of data and a variety of gender-impact tools.
- **EDUCATE** - It provides key information and organises thematic events to increase gender awareness.
- **DONATE** - It supports women and girls, largely in the global south, with grants and loans to tackle the root causes of gender inequality.

Equileap has developed a comprehensive toolkit designed to make the gender performance of public companies transparent and comparable, making it possible for firms to see how to improve outcomes, and for investors, wanting to use a gender lens, to obtain clear and well-grounded evidence. With its broad data-set and gender impact tools, Equileap is a unique global resource of information on gender equality in the workplace.



Equileap seeks to use the power of financial markets and investments in companies to create both change and a sustainable source of funding for projects working to break the structural economic inequality women face in poorer economies around the world. Any net profit made by Equileap is passed to the Equileap Foundation, which is the first in the world to be funded with a sustainable flow of grant making resources for women and girls derived from the financial markets.

More information at [www.equileap.org](http://www.equileap.org).

## ABOUT SOLACTIVE



Solactive AG is an innovative index provider that focuses on the development, calculation and distribution of tailor-made indices over all asset classes. As at January 2017, Solactive AG served approximately 350 clients in Europe, America and Asia, with approximately USD 100 billion invested in products linked to indices calculated by the Company globally, primarily via 250 Exchange Traded Funds from a number of well-known providers. Solactive AG was established in 2007 and is headquartered in Frankfurt.

More information at [www.solactive.com](http://www.solactive.com).

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# INTRODUCTION

Equileap was set up to accelerate progress towards gender equality and cut the 118 years the World Economic Forum currently estimates it will take for equality to be achieved at present rates of change. It was created in the light of research showing that gender diverse companies tend to produce higher financial returns and have lower risk. Equileap believes this is not yet fully accounted for in market pricing, creating an interesting strategy for investors to benefit potentially from a **Gender Dividend**.

Equal pay and, more broadly, equal opportunities at work are powerful levers to grow global prosperity. A recent report from McKinsey estimated that \$28 trillion could be added to global GDP by 2025 if full gender equality was achieved. This also has the potential to take millions of women and their children out of poverty and move us closer to achieving the Sustainable Development Goals by 2030, as defined by the United Nations. This makes Gender Lens Investing, using a well-researched Gender Equality Index, **not just the smart thing to do, but also the right thing to do**.

Inspired by the Women's Empowerment Principles of the United Nations, Equileap has created an extensive Gender Scorecard (see page 8) which includes 19 criteria of gender balance and gender equality. Equileap has applied this Scorecard to assess the performance of over 3,000 public companies in 23 developed countries, creating a one of a kind, in-depth Database.

Using this research, Equileap has partnered with the index provider Solactive to launch a family of indices tracking companies that deliver the best performance on gender equality, composed of Global, European and US versions. This new addition to the family, the So-

lactive Equileap North American Gender Equality Index (the "**Index**"), was designed with the same methodology, to track the top companies leading the field in terms of gender equality in Canada and the United States. The Index is based on research carried out by Equileap in 2016 and calculated by Solactive.

This Report gives insights into the composition of the Equileap North American Gender Equality Index, which is an important tool for change as well as being an investment strategy. **Improving how companies employ and treat women workers in terms of access to jobs, pay, benefits and leadership opportunities is a powerful lever to achieve economic equality.**

Equileap believes if companies become fairer and more equitable places for women, they have an important role to play in helping to shift the global economy towards increased equality. Additionally, investors have substantial power to influence the pace of that change in deciding how to use their funds, and they can lead the way towards these changes, if they can find and invest in those companies waking up to the importance of gender equity.

Overall, there are strong economic and moral reasons to invest in gender balance and gender equality. This Index has been created to help guide those looking for practical and effective ways not just to aim to make a return with their investments, but also to make a real difference.

**DIANA VAN MAASDIJK**  
Chief Executive and Co-Founder

**JO ANDREWS**  
Director of Social Impact and Co-Founder

CRITERIA & DEFINITION		MEASURE
<b>CATEGORY A GENDER BALANCE IN LEADERSHIP &amp; WORKFORCE</b>		
<b>CRITERIA 1</b>	<b>Non-Executive Board</b> <ul style="list-style-type: none"> <li>&gt;Percentage of male and female Board of Directors as a proportion of the total number, as of the fiscal year end wherever available, otherwise as of the date of the latest filing</li> <li>&gt;Where the company has a Supervisory Board and a Management Board, this refers to the Supervisory Board</li> </ul>	Gender balance between 10-20 Gender balance between 20-40 Gender balance between 40-60
<b>CRITERIA 2</b>	<b>Executives</b> <ul style="list-style-type: none"> <li>&gt;Percentage of male and female executives as a proportion of the total number, as of the fiscal year end wherever available, otherwise as of the date of the latest filing</li> <li>&gt;Executives are either defined by the company or represent those individuals that form the company executive committee/board or management committee/board or equivalent</li> </ul>	65 Gender balance between 10-20 Gender balance between 20-40 Gender balance between 40-60
<b>CRITERIA 3</b>	<b>Senior Management</b> <ul style="list-style-type: none"> <li>&gt;Percentage of men and women employed in senior management positions, as a percentage of total, as of the fiscal year end wherever available, otherwise as of the date of the latest filing</li> <li>&gt;Senior Management are defined and reported by the company.</li> </ul>	Gender balance between 10-20 Gender balance between 20-40 Gender balance between 40-60
<b>CRITERIA 4</b>	<b>Workforce</b> <ul style="list-style-type: none"> <li>&gt;Percentage of men and women employed at the company, as a percentage of total employees</li> </ul>	Gender balance between 10-20 Gender balance between 20-40 Gender balance between 40-60
<b>CRITERIA 5</b>	<b>Promotion &amp; Career Development Opportunities</b> <ul style="list-style-type: none"> <li>&gt;Ratio of each gender in management compared to ratio of each gender in total employees</li> </ul>	Ratio between 0-50% Ratio between 50-75% Ratio between 75-100%
<b>CATEGORY B EQUAL COMPENSATION &amp; WORK LIFE BALANCE</b>		
<b>CRITERIA 6</b>	<b>Fair Remuneration</b> <ul style="list-style-type: none"> <li>&gt;Demonstrates a commitment to ensure payment of a fair wage to all employees, even in those countries that do not legally require a minimum wage</li> </ul>	Has a fair remuneration policy or equivalent
<b>CRITERIA 7</b>	<b>Equal Pay</b> <ul style="list-style-type: none"> <li>&gt;Commitment to provide comparable wages, hours, and benefits, including retirement benefits for all employees for comparable work in country of incorporation.</li> </ul>	Has published gender segregated pay information in company reports or filings Has a strategy and/or has acted to close any gender pay gap identified Has a gender pay gap of less than or equal to 3%
<b>CRITERIA 8</b>	<b>Parental Leave</b> <ul style="list-style-type: none"> <li>&gt;Paid leave programs for child and dependent care to both women and men (maternity leave, paternity leave, dependent care) in country of incorporation</li> </ul>	Offers paid primary carer leave to women Offers paid primary carer leave to men
<b>CRITERIA 9</b>	<b>Flexible Work Options</b> <ul style="list-style-type: none"> <li>&gt;Option for employees to control and/or vary the start/end times of the work day and/or vary the location from which employees work in country of incorporation</li> </ul>	Offers flexible work locations Offers flexible work hours
<b>CATEGORY C POLICIES PROMOTING GENDER EQUALITY</b>		
<b>CRITERIA 10</b>	<b>Training and Career Development</b> <ul style="list-style-type: none"> <li>&gt;Ensures equal access to training and career development to both men and women</li> </ul>	Has an employee training policy
<b>CRITERIA 11</b>	<b>Recruitment Strategy</b> <ul style="list-style-type: none"> <li>&gt;Commitment to ensure non-discrimination against any type of demographic group. This could be in the form of an equal opportunities policy, as described by the company</li> </ul>	Has an equal opportunity policy or equivalent to ensure gender diversity
<b>CRITERIA 12</b>	<b>Freedom from Violence, Abuse and Sexual Harassment</b> <ul style="list-style-type: none"> <li>&gt;Prohibit all forms of violence in the work place, including verbal, physical and sexual harassment</li> </ul>	Has an anti-sexual harassment/ anti-bullying/ anti-violence policy or equivalent
<b>CRITERIA 13</b>	<b>Safety at Work</b> <ul style="list-style-type: none"> <li>&gt;Commitment to the safety of employees in the workplace, in travel to and from the workplace, and on company related business, and ensure the safety of vendors in the workplace</li> </ul>	Has an employee health and safety policy
<b>CRITERIA 14</b>	<b>Human Rights</b> <ul style="list-style-type: none"> <li>&gt;Commitment to ensure the protection of the rights of all people it works with including employees' rights to participate in legal, civic and political affairs</li> </ul>	Has a human rights policy
<b>CRITERIA 15</b>	<b>Social Supply Chain</b> <ul style="list-style-type: none"> <li>&gt;Commitment to reduce social risks in its supply chain such as forbid business related activities that condone, support, or otherwise participate in trafficking, including for labour or sexual exploitation</li> </ul>	Has implemented any initiatives to reduce the social risks in its supply chain
<b>CRITERIA 16</b>	<b>Supplier Diversity</b> <ul style="list-style-type: none"> <li>&gt;Commitment to ensure diversity in the supply chain, including a focus to ensure women owned businesses in the supply chain</li> </ul>	Has a supplier diversity programme
<b>CRITERIA 17</b>	<b>Employee Protection</b> <ul style="list-style-type: none"> <li>&gt;Systems and policies for the reporting of internal ethical compliance complaints without retaliation or retribution, including but not limited to access to confidential third-party ethics hotlines or systems for confidential written complaints</li> </ul>	Has an employee protection/ whistle-blower policy or equivalent
<b>CATEGORY D COMMITMENT, TRANSPARENCY &amp; ACCOUNTABILITY</b>		
<b>CRITERIA 18</b>	<b>Commitment to Women's Empowerment</b> <ul style="list-style-type: none"> <li>- Recognition and commitment to ensuring women's empowerment in the workplace</li> </ul>	Is signatory to the UN's Women's Empowerment Principles
<b>CRITERIA 19</b>	<b>Audit</b> <ul style="list-style-type: none"> <li>- Undertaken and awarded an independent gender audit certified by an Equileap recognized body</li> </ul>	Has received one of the three EDGE Certificates
<b>CATEGORY E ALARM BELL</b>		
<b>CRITERIA 20</b>	An alarm bell is added to the Company Report, and such company is not included in the index.	Companies that within the past two years have had: a) A legal judgement or an official ruling regarding discrimination against any employees, or b) Two or more legal cases brought against them regarding discrimination against any employees, or c) A legal judgement or an official ruling regarding unethical practices in its marketing and advertisement are removed for 1 year.

# / EQUILEAP RESEARCH

## DATA COLLECTION

The Equileap Database was created by collecting publicly available information, as reported by the companies themselves in their annual reports and company filings. Equileap invests a great deal of effort to ensure the accuracy of the data it uses. The material presented is based on publicly available information from company websites and documents, and additional data provided by companies themselves to Equileap and its researchers.

We encourage companies to publish their gender data or policies in their own reports, as transparently as possible, and to reply as fully as they can to Equileap's inquiries. We have an open invitation to any company to submit its data to the Equileap database at any time, please e-mail [research@equileap.org](mailto:research@equileap.org) with proof of policies and practices. The Database is continuously updated as new research and information becomes available.

## RESEARCH & RANKING: EQUILEAP GENDER SCORECARD

Inspired by the UN Women's Empowerment Principles, the Equileap Gender Scorecard is the methodology used to assess and rank companies based on 19 gender equity criteria covering four categories:



**CATEGORY A.**  
GENDER BALANCE  
IN LEADERSHIP &  
WORKFORCE



**CATEGORY B.**  
EQUAL  
COMPENSATION  
& WORK LIFE  
BALANCE



**CATEGORY C.**  
POLICIES  
PROMOTING  
GENDER EQUALITY



**CATEGORY D.**  
COMMITMENT  
TO WOMEN'S  
EMPOWERMENT

The Equileap Gender Scorecard uses a points system to score and rank each company's commitment to gender equality on a comparative basis. If a company receives zero, for example, for one indicator, this does not necessarily mean that bad practices are present or there is no company action on the issue. Rather, it means that Equileap has been unable to identify this in the company's own documentation or was unable to get answers to inquiries to the company.

The data used to create the North American Gender Equality Index was collected up until September 2016. At that time Equileap had information relating to 12 of the total 19 criteria on the Gender Scorecard. Since then Equileap has obtained much more independently verifiable data on all 19 points by increasing its research capacity and proactively engaging with companies. We expect to have much more complete data when we rebalance the Index at the end of September 2017.

# / METHODOLOGY

The starting universe composed of all public companies domiciled in and with their primary listing in Canada or the United States.

To be included in the Index, components need to pass:

- ▶ Standard liquidity criteria: USD 2 billion or more of market capitalization and USD 5 million or more of average daily value traded;
- ▶ An ESG screening as defined by Equileap: exclusion of companies which derive the majority of their revenues from the Weapons, Gambling, or Tobacco industries and exclusion of companies on the Norwegian Ethics Council List;
- ▶ An in-depth gender equality screening as defined by Equileap: companies are ranked on 35 points according to 19 gender criteria. The 19 criteria are grouped in 4 categories listed below:
  - A. Gender balance in leadership & workforce
  - B. Equal compensation & work life balance
  - C. Policies promoting gender equality
  - D. Commitment to transparency and accountability

The 150 best scoring companies are selected as the final index components. If several companies have the same Equileap Score, they are sorted according to their market capitalization.

The companies were ranked according to their performance on the Equileap Scorecard, based on data collection completed by September 2016. The companies in the Index were selected from a total of 1,156 companies domiciled in Canada and the US (the "North American Universe").

The Index is equal weighted and published in Canadian dollars. It is reviewed quarterly and re-balanced annually. For more information, please read the [Index Guideline](#). The Index's legal name is Solactive Equileap North American Gender Equality Index (Bloomberg ticker EQUALNA Index).



# KEY INSIGHTS

## HOW NORTH AMERICAN INDEX COMPANIES MAKE A DIFFERENCE FOR GENDER EQUALITY

► Companies in the Index are 3 times more likely to have a gender balanced (40-60%) Executive Board than those companies in the North American Universe which didn't make it to the Index (the "Non-Index").

► Companies in the Index perform much better on gender equality compared to those in the Non-Index, with a difference of nearly a third in overall scores.

► 90% of the companies in the Index have a training and career development policy in place for all employees, both men and women, compared to only 21% of the Non-Index companies.

► 88% of companies in the Index have a social supply chain policy in place (to reduce the social risks in the supply chain), including a commitment not to engage with entities which condone or support trafficking, including for labour or sexual exploitation), compared to 22% of Non-Index companies.

## INSIGHTS PER COUNTRY

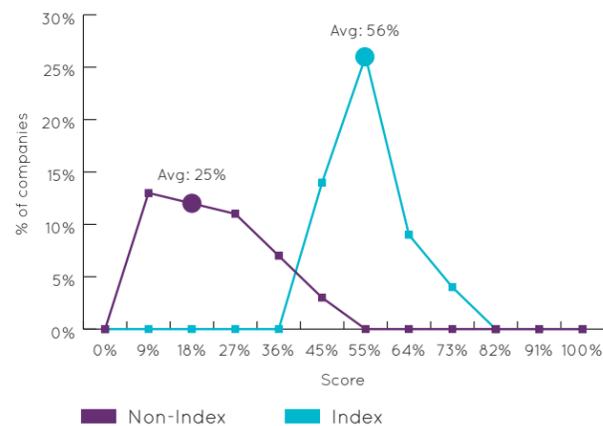
Proportionately more Canadian companies make it to the Index than US companies, suggesting that their performance on gender balance and equality is better overall (see chart 1).

	NR. OF COMPANIES IN INDEX	NR. OF COMPANIES IN NORTH AMERICAN UNIVERSE	% OF COMPANIES MAKING IT TO THE INDEX
United States	124	1,058	12%
Canada	22	98	22%
<b>TOTAL</b>	<b>146</b>	<b>1156</b>	<b>13%</b>

## COMPARISON BETWEEN THE INDEX AND THE NORTH AMERICAN UNIVERSE

Every company in the Index has more to gain from the gender dividend by increasing gender diversity and gaining more points on the Equileap Scorecard. But companies in the Index perform much better on gender balance and equality compared to those in the remaining part of the North American Universe, with a 31 percentage point difference in overall scores.

## Equileap Gender Equality Score (in %)



NB: Total score is based on the total maximum points for 12 criteria in the Gender Scorecard.

Looking more in detail at the differences between the Index and the Non-Index companies, the breakdown shows that companies in the Index have a significantly higher percentage of women in the Non-Executive board and women in the Executive Board compared to the Non-Index average, whereas the figures for senior management and a gender balanced workforce are not significantly different compared to the remaining companies in the Universe.

## Posts held by women (in %)

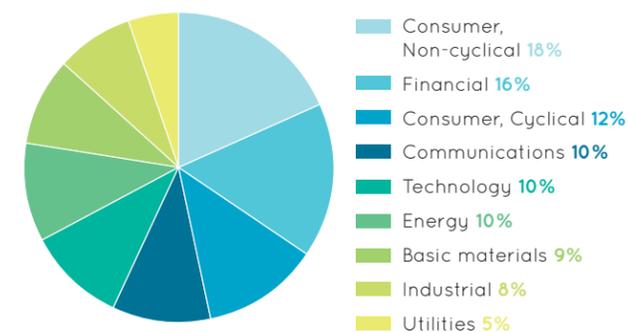
	NON-EXECUTIVE BOARD	EXECUTIVE BOARD	SENIOR MANAGEMENT	GENDER BALANCED WORK FORCE
Index	24.0%	21.5%	26.0%	38.3%
Non-Index	16.5%	12.7%	25.4%	34.8%

Only two companies in the Index, Kinross Gold and 3M, have a fair remuneration policy in place. Of the companies which are not in the Index, only one company has such policy in place.

## INSIGHTS PER SECTOR

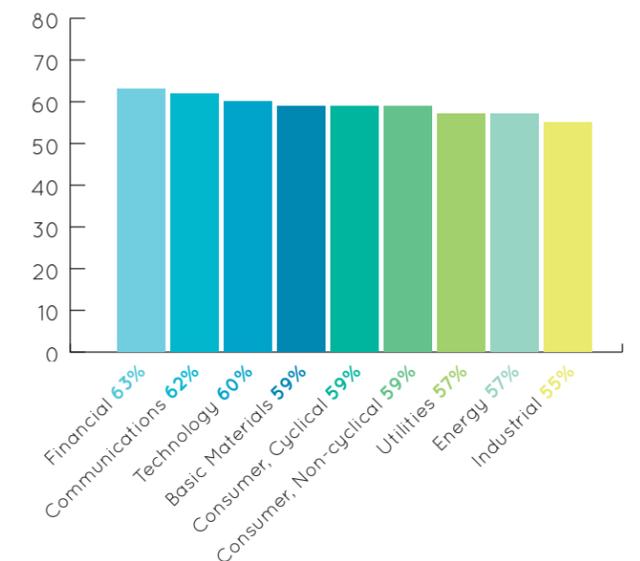
The sectors with the largest representation of companies in the Index are: Consumer, Non-cyclical and Financial.

## Companies in the Index per sector (in %)



Focusing on companies in the Index, those in the Financial and Communications sectors score on average highest against the Equileap Scorecard, and those in the Utilities, Energy and Industrial sectors score lowest. This suggests that these sectors have ground to make up both in terms of the number of companies reaching the Index and in their scores when they do. Conversely, the Financial sector does well, both on the numbers of firms reaching the Index and on their overall scores.

## Average score of companies in the Index per sector (in % of total available score)



NB: Total score is based on the total maximum points for 12 criteria in the Gender Scorecard.

