

September 26, 2016 04:01 AM GMT

## Global Quantitative Research

## Gender Diversity Continues to Work

In today's update of our groundbreaking work on gender diversity launched earlier this year, we highlight that companies our model deems as gender diverse continue to have lower stock volatility than those that screen poorly. Further, generous paid maternity leaves have been rewarded in the US.

We launched a comprehensive quantitative framework to assess ~1,600 developed market companies on five themes related to gender diversity in our report [Putting Gender Diversity to Work: Better Fundamentals, Less Volatility \(02 May 2016\)](#). **We find continued evidence that gender diversity matters for stock price volatility in today's work. Among stocks ranked in the top quintile of our global stock selection model, those with high gender diversity have delivered much better risk adjusted stock returns than the rest over the past few months.** With similar level of returns, high gender diversity stocks have exhibited lower performance volatility and had lower probability of experiencing a major drawdown. The diversity framework appears to be accretive to our current stock ranking model that focuses on common ranking areas like sentiment, revisions, valuation, technicals, balance sheet, and capital use.

Compared with the year-end 2014 figures reported in May, we found continued but small improvement on most of the diversity metrics through year-end 2015. **The US is one of only three countries left in the world that do not guarantee paid maternity leave - the other two are Lesotho and Papua New Guinea. The share of companies that provide paid maternity leave benefits above and beyond local statutory requirements increased considerably in telecom, financials, technology and consumer staples during the course 2015.** While the US companies (and US legal minimum requirements) are significantly behind the rest of the world in such benefits, **we found that the market actually recognized the value of paid maternity leave benefits on talent recruiting and retention and generously rewarded the companies that have strong maternity offerings.**

We implemented a new process to incorporate inputs from multiple reputable sources of ESG data (Thomson Reuters, Bloomberg, FactSet and BoardEx) as well as our fundamental analysts that further improved the quality of our data. We updated the gender diversity rankings for the constituents of MSCI World as of the end of July 2016. The turnover rates between the highest and lowest rankings are modest from our previous update.

**We provide lists of stocks that screen well/poorly on gender diversity metrics and with favorable/unfavorable stock selection model rankings in [Exhibit 13](#)**



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and [Exhibit 14](#). The stocks that are consistently ranked in the high gender diversity category are highlighted in [Exhibit 15](#).

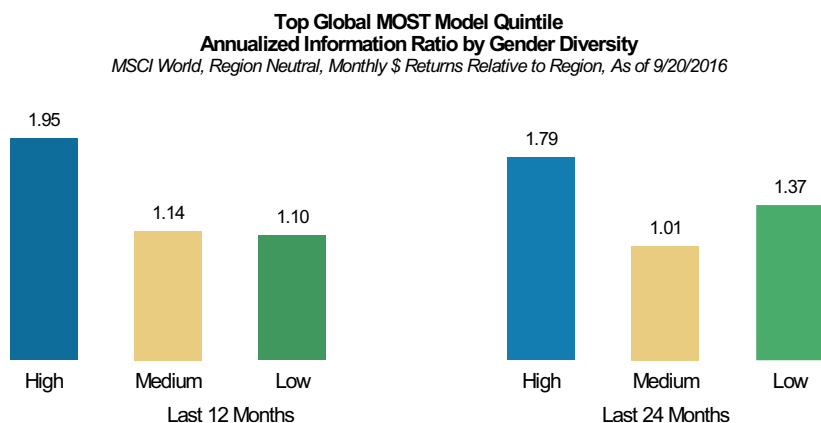
## Gender Diversity Continues to Outperform

We believe that our work on gender diversity substantially advances the debate. In our previous report - [Putting Gender Diversity to Work: Better Fundamentals, Less Volatility \(02 May 2016\)](#), we introduced a comprehensive quantitative framework to assess **~1,600 developed market companies on their overall gender diversity**. Rather than one or two metrics measuring gender diversity among the top ranks of employees, our framework assesses the overall gender diversity of a company at all levels and ranks based on five themes:

1. **Equality in Pay:** our estimation of the gender pay gap at the executive and director level after controlling a number of firm and personal characteristics
2. **Empowerment:** presence of women in C-suite positions and key board committees
3. **Representation:** women representation at the employee, manager, executive and director levels
4. **Diversity Policies:** policies to promote diversity on the board and in the company
5. **Work/Life Balance Programs:** programs facilitating work/life balance for women including flexible working schemes, day care services, and maternity leave benefits

In the previous report, we concluded that gender diverse companies deliver similar alpha with lower volatility, higher profitability, and lower accruals, among other results. Our latest data continue to find that, **in the last 12 months, among stocks that have ranked in the top quintile of our global stock selection model (i.e., attractive valuations, strong momentum, and high profitability), the subset of stocks with high gender diversity have delivered meaningfully better risk adjusted stock returns than those with low gender diversity (see Exhibit 2).**

**Exhibit 1:** In the Recent Period, Gender Diverse Companies Continue to Outperform Non-Diverse Companies Among Stocks Otherwise in the Top Quintile of the Global MOST Quintile.



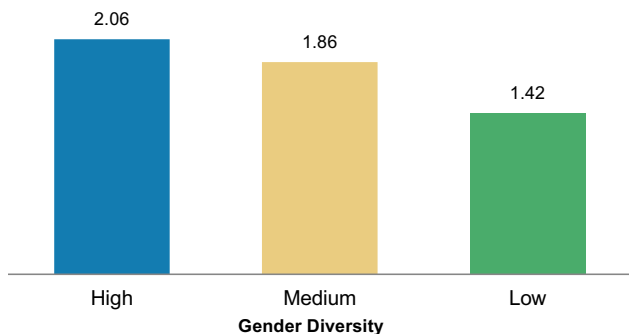
Source: FactSet, Thomson Reuters Asset4, Thomson Reuters Officers and Directors, Bloomberg, BoardEx, company reports, and Morgan Stanley Research

**That outperformance of high gender diversity companies is additional and incremental to the longer period we showed in our original work, where this trend began in 2011**

(see Exhibit 2). As shown in Exhibit 3, the key driver of the outperformance is the better risk profile for gender diverse companies as their volatility and share of significant drawdowns are visibly lower.

**Exhibit 2:** Controlling for Attractiveness of Financial Characteristics, We Found Better Risk Adjusted Performance for Stocks With High Gender Diversity

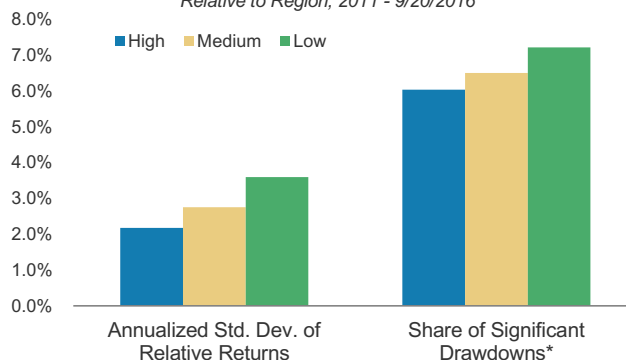
**Top Global MOST Model Quintile Annualized Information Ratio by Gender Diversity**  
MSCI World, Region Neutral  
Monthly \$ Returns Relative to Region, 2011 - 9/20/2016



Source: FactSet, Thomson Reuters Asset4, Thomson Reuters Officers and Directors, Bloomberg, BoardEx, company reports, and Morgan Stanley Research

**Exhibit 3:** The Key Driver of the Outperformance Is the Better Risk Profile for Gender Diverse Companies as They Have Less Volatility and Fewer Drawdowns

**Top Global MOST Model Quintile Risk Profile by Gender Diversity**  
MSCI World, Region Neutral, Monthly \$ Returns  
Relative to Region, 2011 - 9/20/2016



Source: FactSet, Thomson Reuters Asset4, Thomson Reuters Officers and Directors, Bloomberg, BoardEx, company reports, and Morgan Stanley Research

By contrast, Exhibit 4 shows that **stocks with poor rankings in both MOST and gender diversity have the highest return volatility and the highest probability of experiencing a meaningful drawdown.** This observation has significant implications in risk management.

**Exhibit 4:** Stocks with Poor Rankings in Both MOST and Gender Diversity Have the Highest Return Volatility as Well as the Highest Probability of Experiencing a Meaningful Drawdown

**Gender Diversity + Stock Selection Model**  
MSCI World: Annualized Monthly \$ Returns  
Independent Sorts by Region, Cap Wgt Region, 2011 - 9/2016

	Gender Diversity			Gender Diversity				
	High	Medium	Low	High	Medium	Low		
<b>Global MOST Model</b>	<b>Information Ratios</b>			<b>Average Relative Returns</b>				
	Top	2.06	1.86	1.42	Top	4.5%	5.1%	5.1%
	Q2	0.26	0.50	0.39	Q2	0.7%	1.6%	1.3%
	Q3	0.11	(0.26)	(0.20)	Q3	0.3%	(0.7%)	(0.7%)
	Q4	0.29	(0.51)	(1.02)	Q4	0.8%	(1.5%)	(3.1%)
	Bottom	(1.07)	(0.58)	(1.20)	Bottom	(3.8%)	(2.2%)	(5.0%)
<b>Global MOST Model</b>	<b>Std. Dev. of Relative Returns</b>			<b>% Drawdowns* in Each Cell</b>				
	Top	2.2%	2.8%	3.6%	Top	6.0%	6.5%	7.2%
	Q2	2.8%	3.1%	3.2%	Q2	7.2%	7.4%	7.4%
	Q3	2.7%	2.6%	3.4%	Q3	7.6%	8.0%	7.9%
	Q4	2.7%	2.9%	3.1%	Q4	7.6%	8.4%	8.8%
	Bottom	3.6%	3.8%	4.1%	Bottom	9.2%	9.3%	9.4%

\* <10% USD total return in one month

Source: FactSet, Thomson Reuters Asset4, Thomson Reuters Officers and Directors, Bloomberg, BoardEx, company reports, and Morgan Stanley Research

By itself, gender diversity has generated relatively modest returns. Since 2011, companies with high gender diversity outperformed their low gender diversity counterparts by 1.5% annually in the developed markets (Exhibit 5). Year-to-date the market has rewarded gender diversity quite generously. North America is the only exception. Of the eleven US sectors, stocks with low gender diversity outperformed in energy and consumer staples. Another possible explanation could be the small-cap rally

happening in the US as higher gender diversity has tilted towards large caps in the region.

**Exhibit 5:** Year-to-Date the Market Has Rewarded Gender Diversity Quite Generously Except in North America

**Performance: High vs. Low Gender Diversity**  
*MSCI World, Monthly \$ Returns, Equally Weighted, As of 9/20/2016*

Region	Since 2011 (Annualized)			Year-to-Date		
	Average	Stdev	Information Ratio	Average	Stdev	Information Ratio
Developed World	1.5%	2.0%	0.79	1.3%	1.5%	0.85
North America	2.2%	3.3%	0.66	(0.9%)	2.9%	(0.31)
Europe	1.4%	3.6%	0.40	2.1%	3.2%	0.65
Japan	0.0%	6.0%	0.00	2.7%	7.0%	0.39
Asia Ex-Japan	1.2%	6.7%	0.18	5.5%	2.8%	1.99

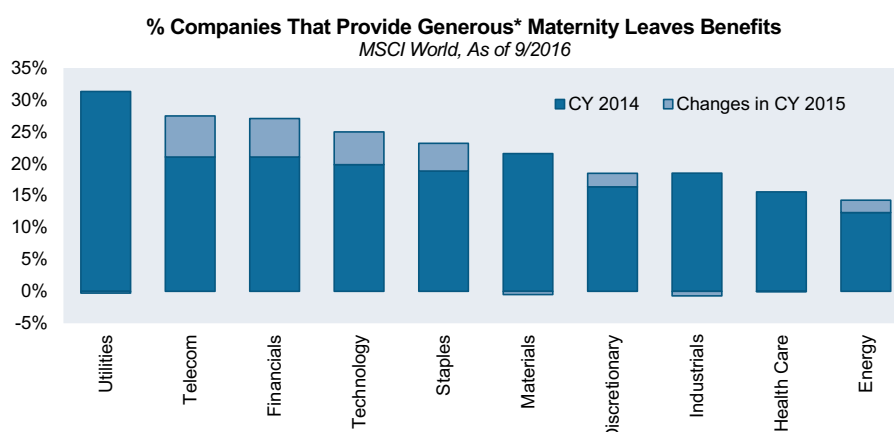
Source: FactSet, Thomson Reuters Asset4, Thomson Reuters Officers and Directors, Bloomberg, BoardEx, company reports, and Morgan Stanley Research

Altogether, our findings lend substantial support to "impact investing" based on gender diversity and further promote equality in the workplace.

## The Generous Reward of Generous Maternity Leave Benefits

Compared with the 2014 figures reported in May, we found continued but small improvement on most of the diversity metrics. The shiniest spotlight comes from the progress on paid maternity leave benefits ([Exhibit 6](#)). The share of companies that provide paid maternity leave benefits above and beyond local statutory requirements has increased considerably in telecom, financials, technology and consumer staples during the course 2015.

**Exhibit 6:** More Companies Started to Provide Paid Maternity Leave Benefits Above and Beyond Local Statutory Requirements in 2015 in Telecom, Financials, Technology and Consumer Staples.



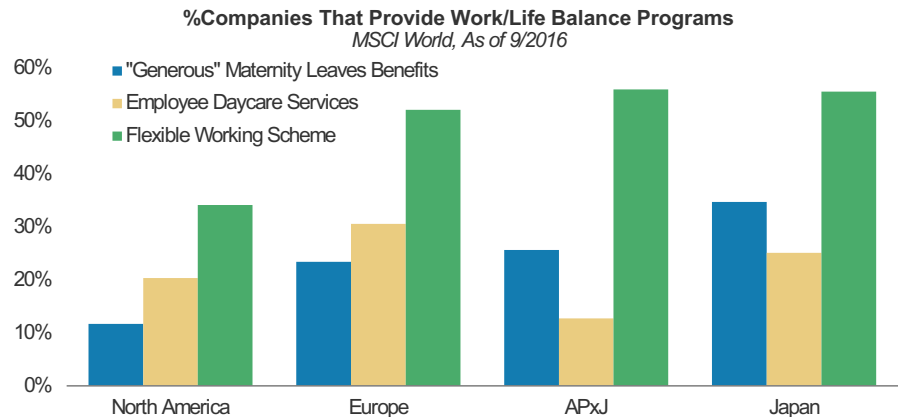
\* Paid benefits by companies in addition to local statutory requirements

Source: Thomson Reuters Asset4, company reports, and Morgan Stanley Research

This is consistent with what we have been reading from the press. For example, in the US, high profile technology companies such as Netflix, Microsoft, Adobe, Spotify, Facebook and Twitter announced generous benefit packages for new parents. The fully paid leaves range between 16 weeks and 52 weeks, a substantial improvement to the 12-week unpaid leave mandated by the Family and Medical Leave Act (FLMA) in the US.

**The US is one of only three countries left in the world that do not guarantee paid maternity leave - the other two are Lesotho and Papua New Guinea.**<sup>1</sup> Fewer US corporations provide programs that help women to achieve work/life balance, including maternity leave, compared to companies in other regions ([Exhibit 7](#)).

**Exhibit 7: A Smaller Percentage of North American Companies Provide Programs that Help Women to Achieve Work / Life Balance**



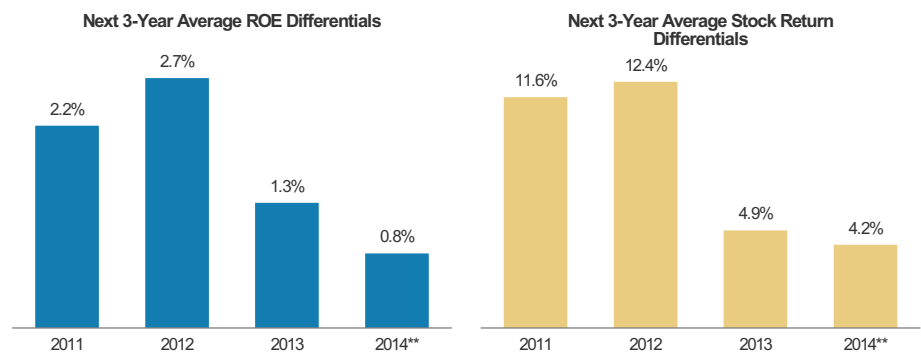
\* Paid benefits by companies in addition to local statutory requirements

Source: FactSet, Thomson Reuters Asset4, company reports, and Morgan Stanley Research

However, we actually found strong performance of these benefits that should incentivize companies to be more thoughtful about their parental leave policies (Exhibit 8). **US companies that are "generous" on maternity leave benefits are rewarded with consistently higher ROE and better stock performance in the following three years.** Susan Wojcicki, YouTube CEO, provides an interesting data point on the tangible impact on talent retention: When parent company Alphabet (Google at that time) increased its paid maternity leave from 12 weeks to 18 weeks in 2007, the rate at which new mothers quit fell 50%.<sup>2</sup>

**Exhibit 8: US Companies that Are Generous on Maternity Leave Benefits Consistently Enjoy Higher ROE and Better Stock Performance the Following Three Years**

US: Future Performance of Companies That Provide Generous\* Maternity Leave Benefits\* vs. Other

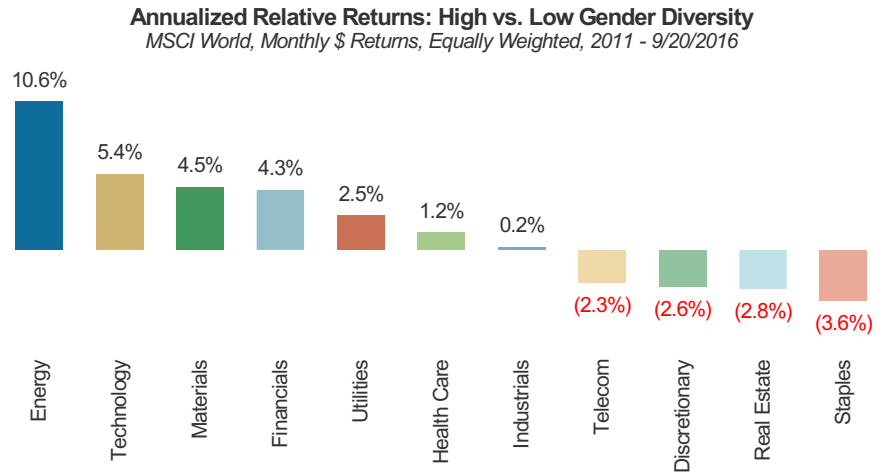


\* Above local statutory requirements and paid by companies rather through insurance  
 \*\* Between 8/2014 and 8/2016

Source: FactSet, Thomson Reuters Asset4, company reports, and Morgan Stanley Research

In the bigger picture, the market also seems to recognize the importance of overall gender diversity and has rewarded the champions of diversity in sectors where competition for talent is high, such as technology, financials and health care (Exhibit 9).

**Exhibit 9:** The Market Has Rewarded the Champions of Gender Diversity in Technology, Financials, and Health care Where Competition for Talent Can Be High



Source: FactSet, Thomson Reuters Asset4, Thomson Reuters Officers and Directors, Bloomberg, BoardEx, company reports, and Morgan Stanley Research



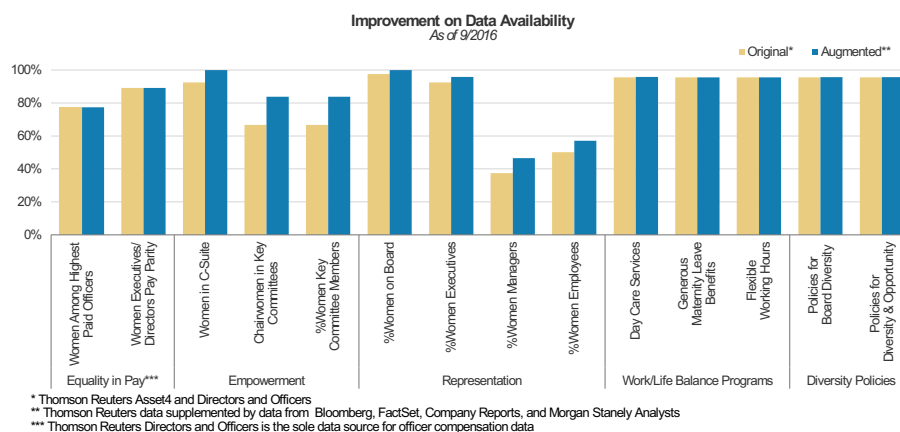
# The New Gender Diversity Rankings

Based on the most current data collected between the beginning of August and mid-September 2016, we updated the gender diversity rankings for the constituents of MSCI World Index as of the end of July 2016.

## Improved Data Sourcing and Processing

To further improve data coverage and quality for our gender diversity rankings, in this update we utilized inputs from multiple reputable sources of ESG data (Bloomberg, FactSet and BoardEx as well as Thomson Reuters Asset4 and the Directors and Executives database), implemented a new process to solicit inputs from our analysts, and designed an algorithm to systematically select most reliable data points based on analysts' data and distribution of the data among various sources ([Exhibit 10](#)).

**Exhibit 10:** The New Data Sourcing and Processing Practice Improved Our Data Coverage



Source: Morgan Stanley Research

## New Gender Diversity Rankings

Given the differences in gender diversity characteristics across regions and sectors, we normalized all the factors at the regional sector level. We then applied the factor weights based on our previous analysis.

Adjusting for the cross sectional correlations between the five themes of gender diversity, accounting for the problem of limited data coverage in some areas despite our recent improvements, and then overlaying our qualitative assessment of the relative importance of the factors, we assigned the biggest weight to pay equality and empowerment in our algorithm for rank ordering global stocks on gender diversity ([Exhibit 11](#)). We have not received pushback from diversity experts on our prioritization of these variables.

**Exhibit 11: Our Gender Diversity Model Assigns the Largest Weights to "Pay Equality" and "Empowerment"**

**Global Gender Diversity Composite**

Element	Indicator	Data Type	Weights	
Equality in Pay	Women Among Top 40% Earners*	Binary	12%	24%
	Women Execs/Directors Pay Parity*	Numeric	12%	
Empowerment	Women in C-Suite (Chairperson/CEO/CFO/COO)	Binary	8%	23%
	Women Chairman in Key Committees	Binary	8%	
	%Women Key Committee Members	Numeric	8%	
Representation	%Women on Board	Numeric	5%	20%
	%Women Executives	Numeric	5%	
	%Women Managers	Numeric	5%	
	%Women Employees	Numeric	5%	
Work/Life Balance Programs	Flexible Working Schemes <sup>1</sup>	Binary	20%	20%
	Employee Day Care Services <sup>2</sup>	Binary		
	"Generous" Maternity Leave Benefits <sup>3</sup>	Binary		
Diversity Policies	Policies for Diversity of Board <sup>4</sup>	Binary	13%	13%
	Policies for Diversity & Equal Opportunity <sup>5</sup>	Binary		

- \* Calculation based on total compensation of executives and board directors
- 1 Any work arrangement program/process that helps employees to have a balance between work and personal life
- 2 Data on daycare centers provided by the reporting organization, or vouchers, referrals, allowances given for daycare as well as company partnerships with surrounding daycare centers
- 3 Benefits paid by companies in addition to local statutory requirements. Short-term disability insurance only does not count.
- 4 Does the company have a policy regarding the diversity of its board (i.e., adequate gender, culture, religion, race, representation)?
- 5 Direct statement by the company, which describes, claims to have or mentions the processes in general by which it strives to promote diversity or equal opportunities or exclude discrimination, harassment or unfair treatment of its workforce regardless of gender, age, ethnicity, disabilities, religion or sexual orientation. Inference through legal obligations must not be taken into account.

Source: Morgan Stanley Research

The latest rankings show only modest turnover rates, meaning that not many companies changed from top to bottom or vice-versa since our foundational work in May (Exhibit 12). About 31% of the companies classified as high gender diversity based on CY2014 data are now in the medium category and about 4% have become low diversity. Similarly, about 24% and 6% of the companies in the low gender diversity category in the last report moved to the medium and high diversity rankings, respectively.

**Exhibit 12: Few Companies Move From Non-Diverse to Diverse or Vice-Versa Over a Year**

**Turnover Rate of the New Gender Diversity Rankings**

CY2015 vs. CY2014, As of 9/2016

		Current (2015) Gender Diversity			Current (2015) Gender Diversity				
		High	Medium	Low	High	Medium	Low		
2014 Gender Diversity	High	341	151	29	21%	9%	2%	2014 Gender Diversity	High
	Medium	164	222	123	10%	14%	8%		Medium
	Low	23	129	364	1%	8%	22%		Low
Addition		2	3	1	0.1%	0.2%	0.1%	Addition	

Number of Ranked Companies	Number of Companies w/o Sufficient Data	Total Number of Companies	Total % of Companies	% of Companies w/o Sufficient Data	% of Ranked Companies
1,552	87	1,639	100%	5%	95%

Source: Morgan Stanley Research

Exhibit 13 is a screen of global stocks that rank favorably and unfavorably in our gender diversity model. The favorable screen includes those that are in the top quintile of our global MOST stock selection model and in the top tertile of our gender diversity composite.

### Exhibit 13: Stocks in the Top Quintile of Our Global MOST Stock Selection Model and in the Top Tertile of Our Gender Diversity Model

Select High Gender Diversity Companies With Attractive Quant Model Rankings  
MSCI World, As of 8/2016

Sedol	Ticker	Company	Country	Sector	Market Cap (\$Bil.)	Price \$ (as of 9/23/2016)
<b>North America</b>						
2190385	JPM-US	JPMORGAN CHASE & CO	United States	Financials	242.0	67.25
2936921	WMT-US	WAL-MART STORES	United States	Consumer Staples	226.3	72.35
2090571	VZ-US	VERIZON COMMUNICATIONS	United States	Telecom	208.7	52.96
2834703	PFE-US	PFIZER	United States	Health Care	204.1	34.26
2777844	MRK-US	MERCK & CO	United States	Health Care	169.8	62.96
2005973	IBM-US	IBM CORP	United States	Information Technology	148.7	154.98
B121557	MA-US	MASTERCARD A	United States	Information Technology	109.5	101.86
2516152	LLY-US	LILLY (ELI) & COMPANY	United States	Health Care	87.4	81.16
2182348	CELG-US	CELGENE CORP	United States	Health Care	83.4	109.43
2002305	ABT-US	ABBOTT LABORATORIES	United States	Health Care	61.2	42.19
2259101	TGT-US	TARGET CORP	United States	Consumer Discretionary	40.6	68.77
2695921	AET-US	AETNA	United States	Health Care	40.3	115.63
2367026	GIS-US	GENERAL MILLS	United States	Consumer Staples	38.8	64.65
2293819	EBAY-US	EBAY	United States	Information Technology	36.3	32.07
B3SPX23	LYB-US	LYONDELLBASELL INDS A	United States	Materials	33.5	77.39
<b>Europe</b>						
B03MLX2	RDSA-GB	ROYAL DUTCH SHELL A	United Kingdom	Energy	194.2	24.17
B15C557	FP-FR	TOTAL	France	Energy	115.6	47.72
0925288	GSK-GB	GLAXOSMITHKLINE	United Kingdom	Health Care	104.7	21.42
5671735	SAN-FR	SANOFI	France	Health Care	100.2	76.80
5842359	DTE-DE	DEUTSCHE TELEKOM	Germany	Telecom	74.7	17.14
7133608	STL-NO	STATOIL	Norway	Energy	48.8	15.79
5986622	PHIA-NL	KONINKLIJKE PHILIPS	Netherlands	Industrials	27.0	29.85
5959378	ERIC-B-SE	ERICSSON (LM) B	Sweden	Information Technology	22.4	6.95
B5ZC9D3	EVK-DE	EVONIK INDUSTRIES	Germany	Materials	15.3	34.09
7103526	UG-FR	PEUGEOT SA	France	Consumer Discretionary	12.1	15.17
B7V6L8	O2D-DE	TELEFONICA DEUTSCHLAND	Germany	Telecom	11.6	4.25
3319521	KGF-GB	KINGFISHER	United Kingdom	Consumer Discretionary	11.2	4.96
3180943	LAND-GB	LAND SECURITIES GROUP	United Kingdom	Real Estate	10.6	13.62
BDSV2V0	CNHI-IT	CNI INDUSTRIAL	Italy	Industrials	9.7	7.31
7742488	GFC-FR	GECINA	France	Real Estate	9.6	157.02
<b>Japan</b>						
6985383	4503-JP	ASTELLAS PHARMA	Japan	Health Care	34.5	15.79
6483809	4452-JP	KAO CORP	Japan	Consumer Staples	27.5	57.11
6251363	1925-JP	DAIWA HOUSE INDUSTRY	Japan	Real Estate	17.5	27.70
6597067	7011-JP	mitsubishi heavy ind	Japan	Industrials	14.6	4.38
6858946	8053-JP	SUMITOMO CORP	Japan	Industrials	13.5	11.20
6010906	2802-JP	AJINOMOTO CO	Japan	Consumer Staples	12.7	22.45
B10RB15	1605-JP	INPEX CORP	Japan	Energy	12.1	8.54
B195609	9502-JP	CHUBU ELECTRIC POWER CO	Japan	Utilities	11.0	15.21
6356945	6702-JP	FUJITSU	Japan	Information Technology	10.7	5.34
6858560	4005-JP	SUMITOMO CHEMICAL CO	Japan	Materials	7.5	4.57
6055208	5201-JP	ASAHI GLASS CO	Japan	Industrials	7.5	6.46
6642127	9062-JP	NIPPON EXPRESS CO	Japan	Industrials	5.1	5.04
6366007	5012-JP	TONENGENERAL SEKIYU	Japan	Energy	3.5	9.68
6356365	6504-JP	FUJI ELECTRIC CO	Japan	Industrials	3.4	4.68
<b>Asia Ex-Japan</b>						
6981239	WOW-AU	WOOLWORTHS LTD	Australia	Consumer Staples	21.8	17.81
6086253	FMG-AU	FORTESCUE METALS GROUP	Australia	Materials	11.5	3.78
6881436	SPK-NZ	SPARK NEW ZEALAND	New Zealand	Telecom	4.9	2.60
6286257	494-HK	LI & FUNG	Hong Kong	Consumer Discretionary	4.4	0.51
6873262	TAH-AU	TABCOORP HOLDINGS	Australia	Consumer Discretionary	3.1	3.78

Source: Morgan Stanley Research. For important disclosures regarding companies that are the subject of this screen, please see the Morgan Stanley Research Disclosure Website at [www.morganstanley.com/researchdisclosures](http://www.morganstanley.com/researchdisclosures). For valuation methodology and risks associated with any price targets, ratings and recommendations referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-5424-4349. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway (Attention: Research Management), New York, NY 10036 USA.

The unfavorable screen consists of stocks that are in the bottom quintile of the MOST and in the bottom tertile of our gender diversity composite (Exhibit 14).

**Exhibit 14: Unfavorable Screen Consists of Stocks that Are in the Bottom Quintile of the Global MOST Stock Selection Model and in the Bottom Tertile of Our Gender Diversity Composite**

Select Low Gender Diversity Companies With Unattractive Quant Model Rankings  
MSCI World, As of 8/2016

Sedol	Ticker	Company	Country	Sector	Market Cap (\$Bil.)	Price \$ (as of 9/23/2016)
<b>North America</b>						
BVRR499	KHC-US	KRAFT HEINZ CO	United States	Consumer Staples	105.8	88.83
B26V182	CHTR-US	CHARTER COMM A (NEW)	United States	Consumer Discretionary	70.1	276.08
B09WQP4	AVGO-US	BROADCOM	United States	Information Technology	86.7	166.65
2701271	COST-US	COSTCO WHOLESALE CORP	United States	Consumer Staples	66.5	152.53
2779397	SCHW-US	SCHWAB (CHARLES) CORP	United States	Financials	40.8	30.67
2575818	ATVI-US	ACTIVISION BLIZZARD	United States	Information Technology	32.6	44.36
2170473	STZ-US	CONSTELLATION BRANDS A	United States	Consumer Staples	32.6	166.63
BVLZX12	EQIX-US	EQUINIX	United States	Real Estate	25.5	359.78
2635701	NWL-US	NEWELL BRANDS	United States	Consumer Discretionary	25.2	51.97
2131179	AVB-US	AVALONBAY COMMUNITIES	United States	Real Estate	24.1	182.77
2793115	CP-CA	CP RAILWAY	Canada	Industrials	22.5	146.97
B6257C3	TEL-US	TE CONNECTIVITY	United States	Information Technology	22.3	63.88
B067BM3	TAP-US	MOLSON COORS BREWING B	United States	Consumer Staples	22.0	105.97
2145084	APH-US	AMPHENOL CORP	United States	Information Technology	19.6	64.42
B783TY6	DLPH-US	DELPHI AUTOMOTIVE PLC	United States	Consumer Discretionary	19.0	69.51
<b>Europe</b>						
0709954	PRU-GB	PRUDENTIAL	United Kingdom	Financials	46.2	18.25
5501906	BBVA-ES	BBVA	Spain	Financials	38.1	6.16
7110753	LHN-CH	LAFARGEHOLCIM	Switzerland	Materials	31.0	54.43
B11VWH-2	SCHN-CH	SCHINDLER HOLDING NAMEN	Switzerland	Industrials	20.9	188.89
BYTBXV3	RY4C-IE	RYANAIR HOLDINGS	Ireland	Industrials	18.6	13.93
4824778	SGSN-CH	SGS	Switzerland	Industrials	17.3	2234.92
B1WGG93	GEBN-CH	GEBERIT	Switzerland	Industrials	16.3	439.67
B2QPKJ1	FRES-GB	FRESNILLO PLC	United Kingdom	Materials	16.1	23.15
B1XFTL2	HEXAB-SE	HEXAGON B	Sweden	Information Technology	15.6	43.47
5962309	LISN-CH	LINDT & SPRUENGLI NAMEN	Switzerland	Consumer Staples	15.2	68077.66
4519579	KRZ-IE	KERRY GROUP A	Ireland	Consumer Staples	14.7	83.35
7184725	UHR-CH	SWATCH GROUP INH	Switzerland	Consumer Discretionary	14.6	285.18
B00ZQ02	SES-G-FR	SES A-FDR	France	Consumer Discretionary	14.4	24.72
7582556	LI-FR	KLEPIERRE	France	Real Estate	14.3	46.14
B0SWJX3	LSE-GB	LONDON STOCK EXCHANGE	United Kingdom	Financials	12.7	36.66
<b>Japan</b>						
6490995	6861-JP	KEYENCE CORP	Japan	Information Technology	43.0	723.16
6356934	6954-JP	FANUC	Japan	Industrials	34.3	170.07
6763965	6279-JP	SNJC CORP	Japan	Industrials	18.8	287.64
6467104	7202-JP	ISUZU MOTORS	Japan	Consumer Discretionary	10.2	12.38
6642804	8036-JP	HITACHI HIGH-TECH	Japan	Information Technology	5.2	37.39
6136749	4684-JP	OBIC CO	Japan	Information Technology	5.0	52.69
6985026	9831-JP	YAMADA DENKI CO	Japan	Consumer Discretionary	4.7	5.04
6667733	4666-JP	PARK24 CO	Japan	Industrials	4.3	32.54
B23TC12	3086-JP	J FRONT RETAILING	Japan	Consumer Discretionary	3.5	13.07
<b>Asia Ex-Japan</b>						
B4TX8S1	1299-HK	AIA GROUP	Hong Kong	Financials	79.6	6.68
6435327	6-HK	POWER ASSETS HOLDINGS	Hong Kong	Utilities	20.9	9.91
B1FJ000	BXB-AU	BRAMBLES	Australia	Industrials	14.1	9.24
6657604	OSH-AU	OIL SEARCH	Australia	Energy	7.3	4.86
B0190C7	689-HK	TECHTRONIC INDUSTRIES CO	Hong Kong	Consumer Discretionary	7.1	3.78
6771032	69-HK	SHANGRI-LA ASIA	Hong Kong	Consumer Discretionary	3.9	1.09
6205133	S51-SG	SEMBORP MARINE	Singapore	Industrials	2.0	0.93

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Exhibit 15 highlights, in each regional sector, the largest companies that have been consistently rated in the highest rank for gender diversity.

**Exhibit 15: Largest Companies that Have Been Consistently Rated in the Highest Tertile of Gender Diversity in Each Regional Sector**

**Select High Gender Diversity Companies in Two Consecutive Years by Sector**  
As of 8/2016 (Based on CY2015 & CY2014 Data)

Sedol	Ticker	Company	Country	Sector	Cap (\$Bn)	Price \$ (as of 9/23/2016)
<b>North America</b> (Total = 152 Companies)						
BYY88Y7	GOOG-US	ALPHABET C	United States	Information Technology	539.3	786.90
2190385	JPM-US	JPMORGAN CHASE & CO	United States	Financials	243.0	67.25
2704407	PG-US	PROCTER & GAMBLE CO	United States	Consumer Staples	235.8	87.76
2090571	VZ-US	VERIZON COMMUNICATIONS	United States	Telecom	209.0	52.56
2778844	MRK-US	MERCK & CO	United States	Health Care	171.5	62.96
2434209	HD-US	HOME DEPOT	United States	Consumer Discretionary	157.8	127.79
2517382	UPS-US	UNITED PARCEL SERVICE B	United States	Industrials	95.6	109.21
2018175	DD-US	DU PONT (E.I.) DE NEMOURS	United States	Materials	58.3	66.77
2655408	OXY-US	OCCIDENTAL PETROLEUM	United States	Energy	53.8	69.60
2138158	SRE-US	SEMPRA ENERGY	United States	Utilities	27.1	109.91
2927925	VTR-US	VENTAS	United States	Real Estate	23.4	72.22
<b>Europe</b> (Total = 95 Companies)						
B10RZP7	ULVR-GB	UNILEVER PLC	United Kingdom	Consumer Staples	131.8	47.06
BHC8X90	NOVO.B-DK	NOVO NORDISK	Denmark	Health Care	118.0	44.67
B15C557	FP-FR	TOTAL	France	Energy	114.8	47.72
BP9DL90	ITX-ES	INDITEX	Spain	Consumer Discretionary	113.8	36.98
5727973	SIE-DE	SIEMENS	Germany	Industrials	98.4	119.15
5842359	DTE-DE	DEUTSCHE TELEKOM	Germany	Telecom	74.6	17.14
5086577	BAS-DE	BASF	Germany	Materials	72.9	82.25
7309681	BNP-FR	BNP PARIBAS	France	Financials	62.6	52.68
B08SNH3	NG-GB	NATIONAL GRID	United Kingdom	Utilities	52.0	13.93
5959378	ERIC.B-SE	ERICSSON (LM)	Sweden	Information Technology	22.4	6.95
3180943	LAND-GB	LAND SECURITIES GROUP	United Kingdom	Real Estate	10.6	13.62
<b>Japan</b> (Total = 20 Companies)						
6563024	8316-JP	SUMITOMO MITSUI FINL GRP	Japan	Financials	47.8	35.94
6596785	8058-JP	MITSUBISHI CORP	Japan	Industrials	33.2	21.53
6132101	5108-JP	BRIDGESTONE CORP	Japan	Consumer Discretionary	29.0	36.83
6356945	6702-JP	FUJITSU	Japan	Information Technology	10.9	5.34
6266914	2651-JP	LAWSON	Japan	Consumer Staples	7.7	78.74
6429126	4217-JP	HITACHI CHEMICAL CO	Japan	Materials	4.7	23.12
<b>APxJ</b> (Total = 33 Companies)						
6087289	TLS-AU	TELSTRA CORP	Australia	Telecom	46.3	3.96
6948836	WES-AU	WESFARMERS	Australia	Consumer Staples	36.7	33.59
6408374	11-HK	HANG SENG BANK	Hong Kong	Financials	34.4	17.95
6290054	66-HK	MTR CORP	Hong Kong	Industrials	32.1	5.42
6097017	2-HK	CLP HOLDINGS	Hong Kong	Utilities	26.1	10.35
6465874	27-HK	GALAXY ENTERTAINMENT GRF	Hong Kong	Consumer Discretionary	16.1	3.76
6086253	FMG-AU	FORTESCUE METALS GROUP	Australia	Materials	11.7	3.78
6810429	83-HK	SINO LAND	Hong Kong	Real Estate	11.2	1.82
6161503	CTX-AU	CALTEX AUSTRALIA	Australia	Energy	6.4	25.78
6180412	CPU-AU	COMPUTERSHARE	Australia	Information Technology	4.2	7.86

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# Endnotes

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1 ILO Working Conditions Laws Database, International Labour Organization, Geneva. Available at: <http://www.ilo.org/dyn/travail>.

2 Wojcicki, S (2014, Decemger 16) Paid Maternity Leave Is Good for Business. The Wall Street Journal. Retrieved from <http://www.wsj.com/articles/susan-wojcicki-paid-maternity-leave-is-good-for-business-1418773756>.

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STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MISC
<b>Overweight/Buy</b>	<b>1140</b>	<b>34%</b>	<b>250</b>	<b>39%</b>	<b>22%</b>	<b>564</b>	<b>35%</b>
<b>Equal-weight/Hold</b>	<b>1458</b>	<b>44%</b>	<b>305</b>	<b>47%</b>	<b>21%</b>	<b>727</b>	<b>46%</b>
<b>Not-Rated/Hold</b>	<b>73</b>	<b>2%</b>	<b>7</b>	<b>1%</b>	<b>10%</b>	<b>10</b>	<b>1%</b>
<b>Underweight/Sell</b>	<b>651</b>	<b>20%</b>	<b>86</b>	<b>13%</b>	<b>13%</b>	<b>291</b>	<b>18%</b>
<b>TOTAL</b>	<b>3,322</b>		<b>648</b>			<b>1592</b>	

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