

# Morningstar Indexes

August 26, 2024

## Consultation on proposed methodology enhancement for Morningstar Developed Markets ex-Japan Gender Diversity Index and Morningstar Japan ex-REIT Gender Diversity Tilt Index

Morningstar Indexes is considering a methodology change for the Morningstar Developed Markets ex-Japan Gender Diversity Index (GenDi) and the Morningstar Japan ex-REIT Gender Diversity Tilt Index (Gendi J). The proposal is to include securities that are part of the Alarm Bell controversy list but assign them Gender Equality (GE) scores of zero. Under the current methodology, securities that are part of the Alarm Bell controversy list are ineligible for inclusion in either index. This change is intended to underweight alarm bell securities to the maximum extent possible based on minimum applicable tilt factor within the index methodology, without completely excluding them from the index.

This proposed change would be applied prospectively from the December 2024 reconstitution. Morningstar Indexes will provide at least 60 days' advance notice if a decision is made to adopt these changes.

To estimate the potential impact of this change, we calculated an active share for a simulated version of Morningstar Developed Markets ex-Japan Gender Diversity Index with the proposed changes, to the live Morningstar Developed Markets ex-Japan Gender Diversity Index as of June 24, 2024. This active share was estimated at 7.05%. A similar analysis was done for Morningstar Japan ex-REIT Gender Diversity Tilt Index where the active share was 2.48%.

We are seeking feedback on this proposal.

### Submit your responses and questions

Responses to this consultation can be submitted [here](#).

General questions about the consultation may also be sent to [indexes@morningstar.com](mailto:indexes@morningstar.com).

### Key dates

- **Consultation:** The consultation will be open for response from August 26 to September 09, 2024.
- **Decision announcement:** Final decisions will be announced by September 25, 2024.
- **Proposed implementation:** December 23, 2024, coinciding with the reconstitution effective date

### Questions

1. Should Morningstar Indexes adopt the proposed change to the Morningstar Developed Markets ex-Japan Gender Diversity Index (GenDi)?

- a. No
  - b. Yes
  - c. Other, please explain.
  
2. Should Morningstar Indexes adopt the proposed change to the Morningstar Japan ex-REIT Gender Diversity Tilt Index (Gendi J)?
  - a. No
  - b. Yes
  - c. Other, please explain.
  
3. Do you have any objections if Morningstar Indexes implements these changes at the December 2024 rebalance?
  - a. No
  - b. Yes, please explain.
  
4. What other factors should Morningstar Indexes consider in making this decision?

### About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

### Contact Us

[MorningstarIndexesAlerts@morningstar.com](mailto:MorningstarIndexesAlerts@morningstar.com) is a no-reply email address. For questions concerning this notification, please contact us at [Indexes@morningstar.com](mailto:Indexes@morningstar.com).