



**KEY FACTORS
DRIVING
DIVERSE AND
INCLUSIVE
WORKPLACES**

REFINITIV[®]

DATA IS JUST
THE BEGINNING[™]



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FOREWORD

We are pleased to present the Key Factors Driving Diverse and Inclusive Workplaces report, the second annual publication by Refinitiv. The primary objective of the report is to raise awareness on the topic of Diversity & Inclusion (D&I), analyze the data to assess progress made and its direct impact on corporate financial performance.

In today's volatile business reality, diversity and inclusion is more important than ever. Yet measurable progress in increasing workplace diversity and inclusion remains stagnant. The reasons why are as varied as the potential solutions. However, most can agree that diversity is good for business.

Diversity is the fuel for innovation and growth.

Diversity is the engine behind resilience and recovery.

Diversity is the foundation on which businesses adapt to the changing needs of the stakeholders.

Although discussions and initiatives have been progressive, most tend to have a focus on gender – what happens to the other equally important facets of D&I? Other aspects of D&I, such as background, ethnicity, sexual orientation and people with disabilities either get lumped together or receive no mention at all.

This needs to change and Refinitiv commits to play its role in raising awareness and influencing companies to be more transparent across the various topics in scope of D&I. Stay tuned on developments in this area.

We hope this report will provide you with valuable insights, questions to reflect on and surface challenges to overcome.



ELENA PHILIPOVA

Head of ESG Proposition, Refinitiv

INTRODUCTION

Diversity and Inclusion in the workforce is increasingly important to ensure companies remain competitive and can meet the changing and diverse needs of their customers. Adopting best practices on this topic enables companies to leverage a wide range of knowledge, experiences and perspectives in the day to day decision-making processes and in serving its different stakeholder groups.

Diversity and inclusion in the workforce are core environmental, social and governance (ESG) themes, which financial professionals are more frequently incorporating into their investment strategies and capital-allocation decisions.

COVID-19 has shone a light on why diversity is critical for business recovery and resilience. As companies look to adapt to a new way of conducting business post-COVID-19, diversity and inclusion factors need to be on the agenda alongside financial resilience, environmental risks and workforce health.

Different stakeholders put pressures on companies to adopt best practices on the issue of diversity and inclusion:

- Investors are monitoring businesses and evaluating the relationship between diversity and recovery from the current global pandemic
- Customers are changing their consumption behaviors and purchasing decisions, looking for more sustainable and socially just products
- Employees are increasingly looking to work for a company that is fair and provides job security

Refinitiv®'s ESG database can illuminate D&I trends, insights and signals that can inform investment strategies.

Our ESG database is the basis for the Refinitiv Diversity and Inclusion Index, which highlights the top 100 most diverse and inclusive companies globally.

In this report we look at trends in diversity and inclusion data. The analysis covers the following areas:

- Trends in diversity and inclusion data reported over the last five years
- Long/short portfolio analysis using the Portfolio Analytics app in Refinitiv Eikon®
- Constituents of the Refinitiv Diversity and Inclusion Index

Portfolio Analytics methodology

A long/short portfolio was created to compare the top 10% of ESG stocks to the bottom 10% of ESG stocks. Each portfolio is equal-weighted, as is the benchmark.

D&I Analysis

The analysis on D&I trends in this report was conducted using a universe of 3,722 firms with ESG scores for the last 5 years

CULTURAL DIVERSITY



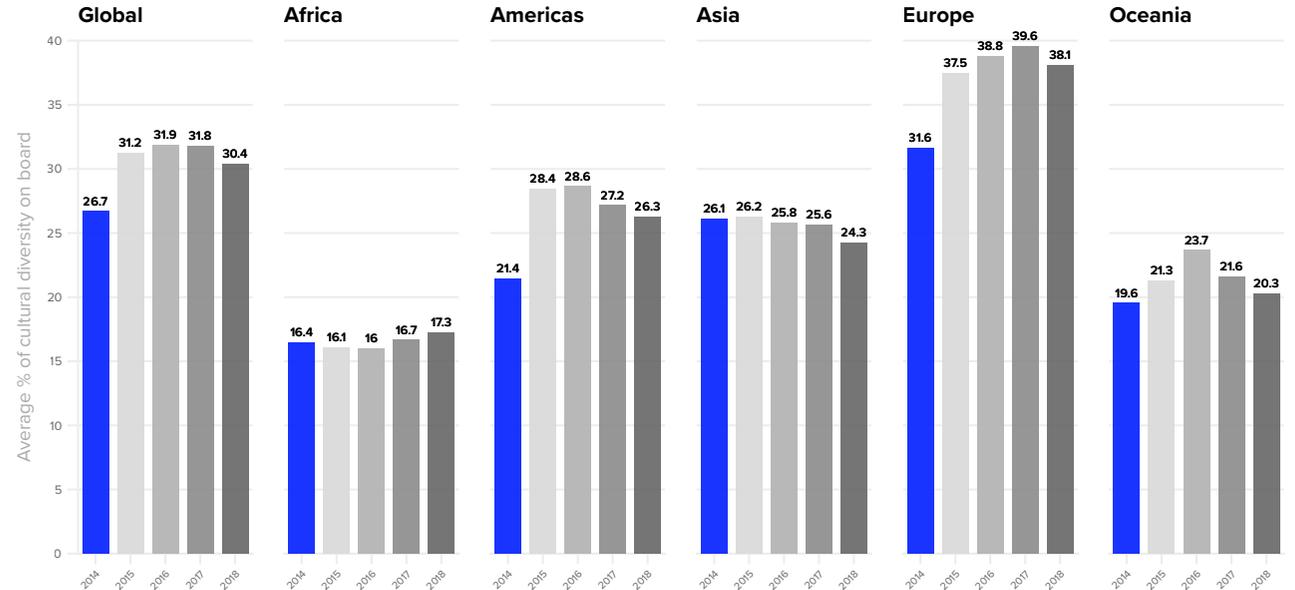
BOARD CULTURE DIVERSITY – STILL ON THE RISE?

One of the ESG metrics in Refinitiv ESG data set is Board Culture Diversity. The data point is defined as the percentage of board members that have a cultural background different from the location of the corporate headquarters.

We find that globally the cultural diversity of board members has increased from five years ago, but has stalled at around 30%.

EMEA leads the way with the most culturally diverse boards, and at the other end of the spectrum, we see that Asia-Pacific company boards are becoming less culturally diverse.

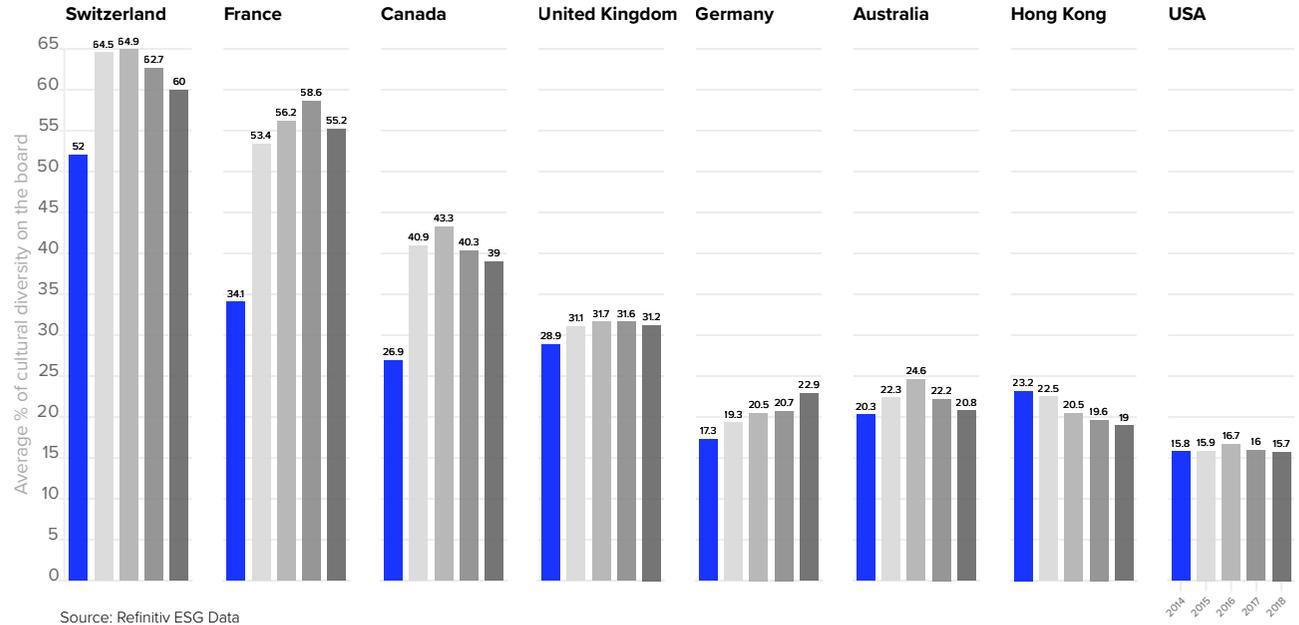
Cultural Diversity on The Board Regional breakdown



Source: Refinitiv ESG Data

At a country level, we can see that Germany is the only country, in our analysis, that has maintained a positive increase in the percentage of culturally diverse board members. Most other countries in our research peaked in 2015.

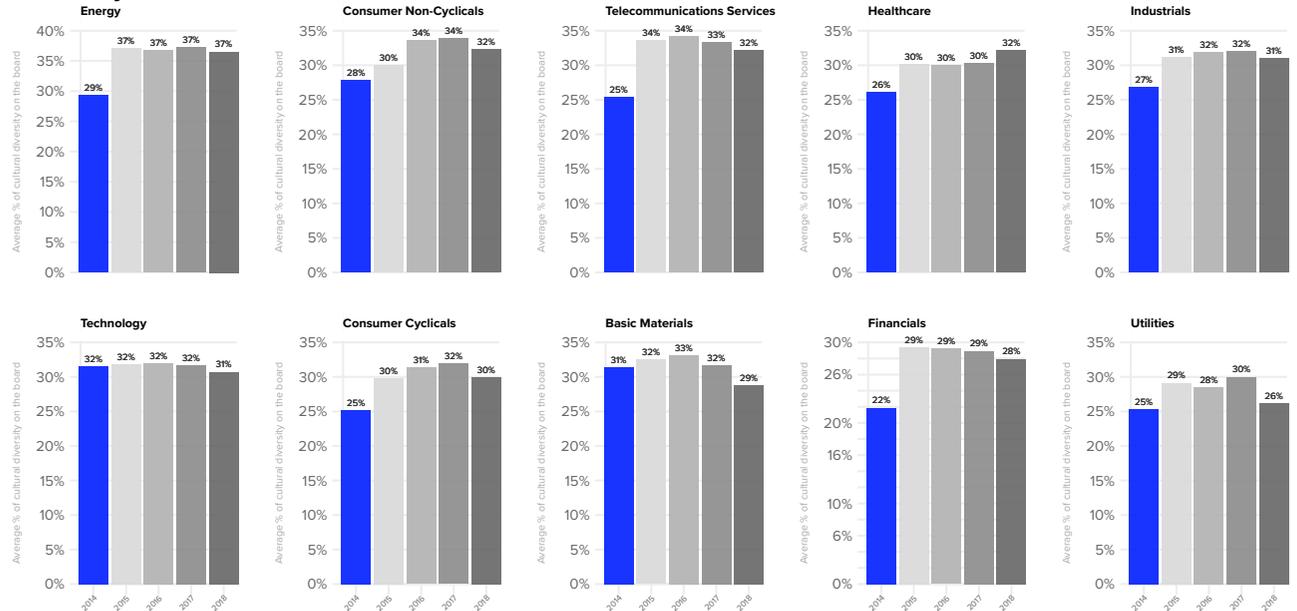
Cultural Diversity on The Board Country breakdown



BOARD CULTURE DIVERSITY – WHICH INDUSTRY IS LEADING?

In terms of industry trends, the energy industry is leading the way on board cultural diversity and has seen the most improvement over five years. Although the financial services industry has seen a large improvement from five years ago, the industry is lower than average in terms of culturally diverse boards.

Cultural Diversity on The Board Industry breakdown



Source: Refinitiv ESG Data

BOARD CULTURE DIVERSITY – WHERE DO THE LEADERS LIE?

Taking our starting universe of 3,722 firms with ESG data for the last five years, we sorted the companies by the percentage change in Board Cultural Diversity values from 2014 to 2018. We then looked at the performance of 2019.

Decile analysis

Within the top and bottom deciles of the universe, we find that healthcare companies are overrepresented in terms of diverse boards, while basic materials and utilities are underrepresented.

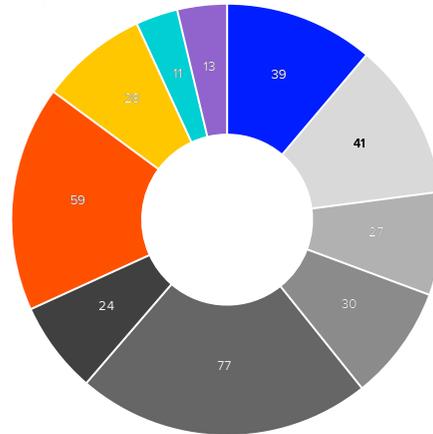
It's also interesting to note that, at the country level, Canada is leading the way in terms of culturally diverse boards, with 18% of companies in the top decile headquartered in the country.

Cultural Diversity on The Board

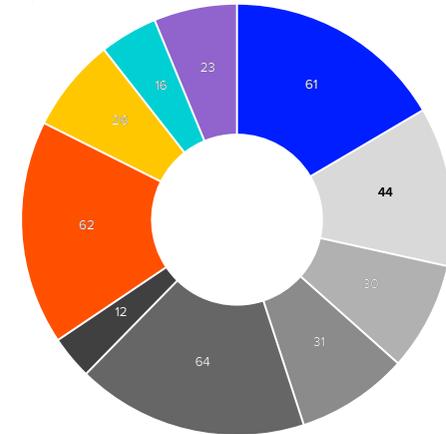
Industry breakdown in top and bottom decile

■ Basic Materials ■ Consumer Cyclical ■ Consumer Non-Cyclical ■ Energy ■ Financials ■ Healthcare ■ Industrials ■ Technology
■ Telecommunications Services ■ Utilities

Count of companies in top decile



Count of companies in bottom decile



Source: Refinitiv Eikon

BOARD CULTURAL DIVERSITY – PORTFOLIO ANALYSIS

The spread of financial returns between the top and bottom deciles is large, and the top-decile portfolio slightly outperformed the MSCI ACWI equal weight benchmark.

2019 AVERAGE PERFORMANCE FOR TOP- AND BOTTOM-DECILE PORTFOLIOS ALONGSIDE MSCI ALL COUNTRY WORLD INDEX (EQUAL WEIGHTED)

	2019 % returns
Top decile	21.97
Bottom decile	15.82
MSCI ACWI EW	21.18



GENDER DIVERSITY



BOARD GENDER DIVERSITY – IS THE GROWTH SET TO CONTINUE?

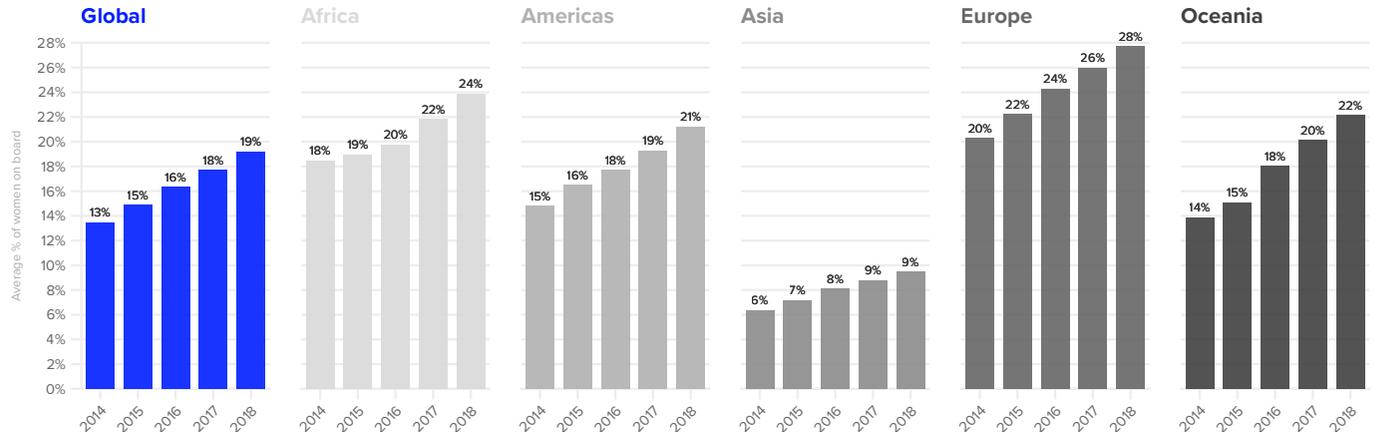
Board Gender Diversity is another data point in the Refinitiv ESG data set, defined as the percentage of women on the board.

The proportion of females on the board has continued to increase over the last five years.

As many European countries have a quota for the number of females in senior positions, it's not surprising that EMEA is leading the way on the proportion of females on the board. But all industries are seeing increases in numbers of women on the board, as female representation continues to be a major topic for business around the world.

It is also important to evaluate how gender-diverse companies perform financially.

Gender Diversity on The Board Regional breakdown



Source: Refinitiv ESG Data

BOARD GENDER DIVERSITY – WHERE DO THE LEADERS LIE?

Again, we take our starting universe of 3,722 companies with ESG data available between 2014 and 2018, and sort by percentage change in Board Gender Diversity values over the last five years to analyze the 2019 financial performance.

Decile analysis

Within the top and bottom deciles of the portfolio we find basic materials and consumer cyclicals companies are overrepresented in terms of gender-diverse boards, while consumer non-cyclicals and utilities are underrepresented.

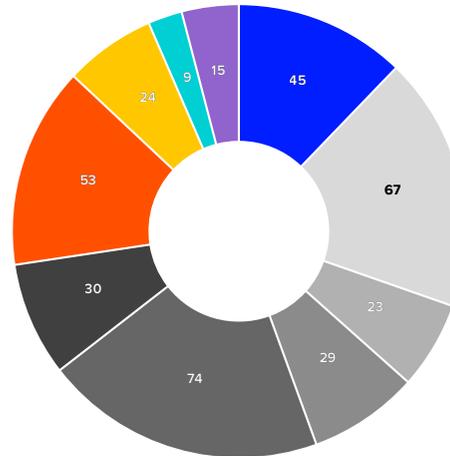
At the country level, Australia, Canada, France, Malaysia and Switzerland are leaders in terms of gender-diverse boards, while Brazil, China, Hong Kong and Japan struggle in this area.

Gender Diversity on The Board

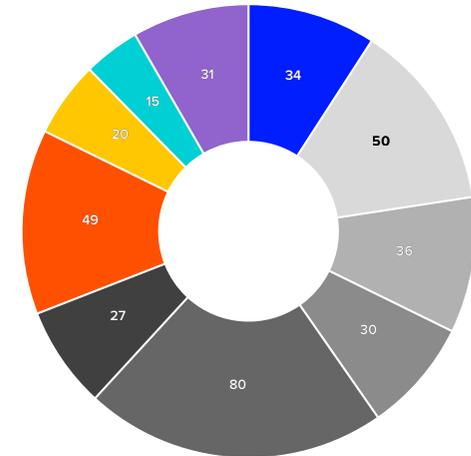
Industry breakdown in top and bottom decile

■ Basic Materials Count ■ Consumer Cyclicals Count ■ Consumer Non-Cyclicals Count ■ Energy Count ■ Financials Count ■ Healthcare Count
■ Industrials Count ■ Technology Count ■ Telecommunications Services Count ■ Utilities Count

Count of companies in top decile



Count of companies in bottom decile



Source: Refinitiv Eikon

BOARD GENDER DIVERSITY – PORTFOLIO ANALYSIS

The spread between the top and the bottom decile is large, and we are seeing outperformance of the top-decile portfolio against the MSCI All Country World Index (equal weighted).

2019 AVERAGE PERFORMANCE FOR TOP AND BOTTOM DECILE PORTFOLIOS ALONGSIDE MSCI ALL COUNTRY WORLD INDEX (EQUAL WEIGHTED).

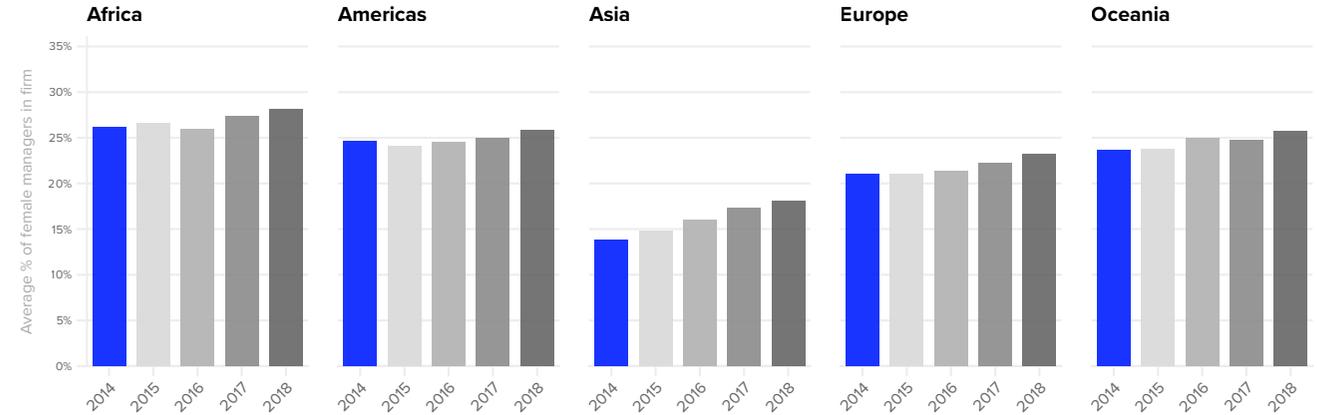
	2019 % returns
Top decile	23.74
Bottom decile	18.84
MSCI ACWI EW	21.18

WOMEN MANAGERS – IS THE PIPELINE HEALTHY?

As we have noted over the last few years, we are particularly interested in the female managers metric as women provide a solid pipeline into the C-suite. Unfortunately, we have seen slow progress on this measure over the last five years globally.

Regionally, there are some promising trends, with Africa leading the way with on average 34% of female managers. Over the last five years, Asia has seen the biggest increase in female managers at 30% – although still low, Japan has seen a big increase in the number of female managers.

Female managers in the business Regional breakdown



Source: Refinitiv ESG Data

WOMEN MANAGERS – WHERE DO THE LEADERS LIE?

Again, we take our starting universe of 3,722 companies with ESG data available between 2014 and 2018, and sort by percentage change in Women Managers values over the last five years to analyze the 2019 financial performance.

Decile analysis

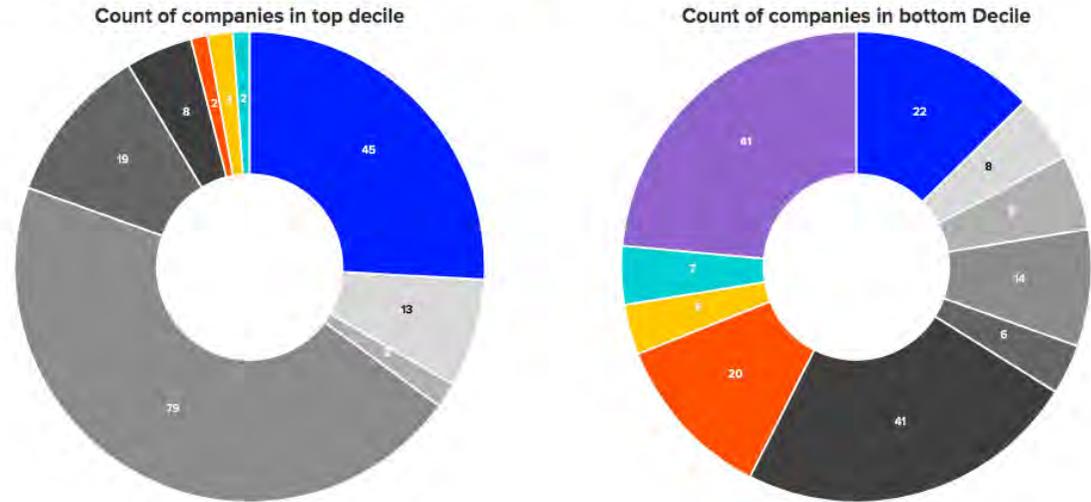
Within the top decile, financials again are overrepresented in terms of having a significant percentage of female managers, while industrials and technology companies are underrepresented.

At the country level, Japan stands out in terms of having companies in the bottom-decile portfolio. Of the 174 companies in the portfolio, 62% are from Japan.

Female managers in the business

Industry breakdown in top and bottom decile

■ Consumer Cyclical Count
 ■ Consumer Non-Cyclicals Count
 ■ Energy Count
 ■ Financials Count
 ■ Healthcare Count
 ■ Industrials Count
 ■ Technology Count
 ■ Telecommunications Services Count
 ■ Utilities Count
 ■ Basic Materials Count



Source: Refinitiv Eikon

WOMEN MANAGERS – PORTFOLIO ANALYSIS

The spread between the top and bottom decile is good, but the top-decile portfolio slightly underperforms the benchmark.

2019 AVERAGE PERFORMANCE FOR TOP AND BOTTOM DECILE PORTFOLIOS ALONGSIDE MSCI ALL COUNTRY WORLD INDEX (EQUAL WEIGHTED).

	2019 % returns
Top decile	20.11
Bottom decile	14.90
MSCI ACWI EW	21.18



INCLUSION





FLEXIBLE WORKING POLICIES – IS BALANCE BEING ENCOURAGED?

Flexible working not only enables employees to experience and or obtain a more effective work life balance, but during the Covid pandemic, it has proven to be essential for companies' survival.

The number of companies with an official flexible working policy has increased by 54% over the last five years.

PEOPLE DEVELOPMENT – HOW IS TALENT BEING DEVELOPED AND NURTURED?

Career development

Within the Refinitiv ESG database the Policy Career Development metric is defined as whether a company has a policy to improve the career development paths of its employees. This includes:

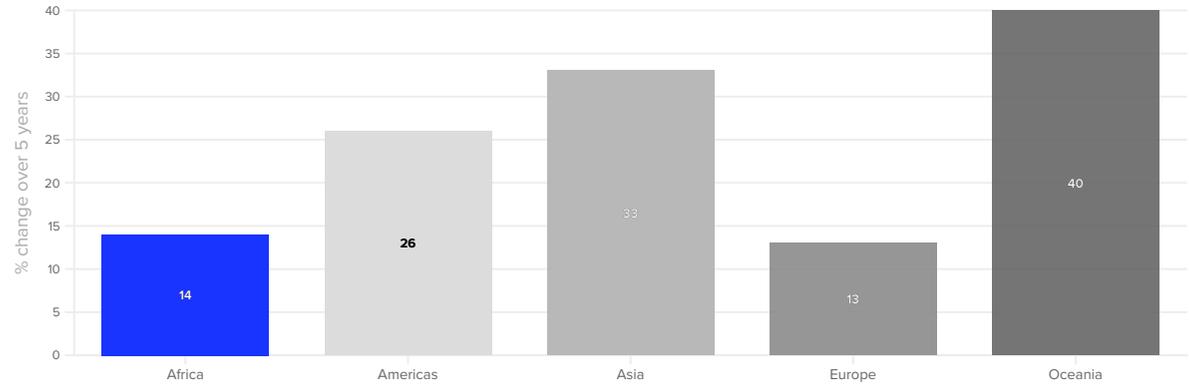
- Programs or processes that focus on staff career progression
- If the company encourages and supports employees for career development
- Information provided on career development for the general workforce
- Training to non-managers or leaders to develop leadership skills for future managerial or leadership positions

Attracting and retaining talent is essential for companies and developing the talent within a company can be beneficial on a number of levels including profitability, cost management and higher productivity. One way that companies can do that is by implementing a company-wide policy for career development. We see an increasing number of companies implementing such a policy and publicly reporting on it.

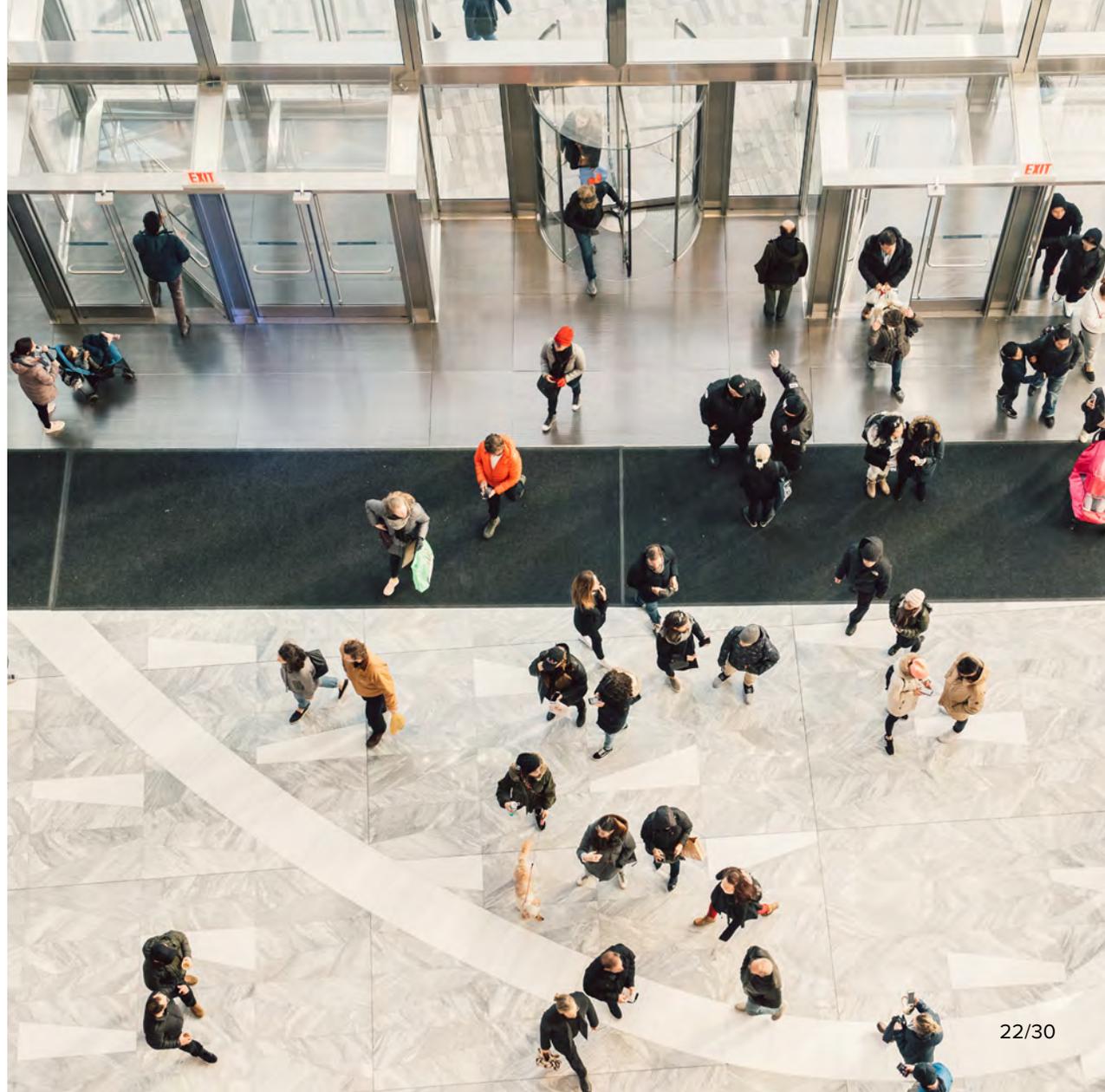
A total of 25% more companies have a career development policy in place than five years ago.

The Asia-Pacific region has seen the biggest increase in companies with a career development policy over the last five years.

Companies with career development policy Regional breakdown



DIVERSITY AND INCLUSION INDEX



Powered by Refinitiv ESG data, our Refinitiv Diversity and Inclusion Index is designed to measure the relative performance of companies against factors that define diverse and inclusive workplaces.

Each year we announce the [top 100 best-performing companies](#) based on our diversity and inclusion ratings.

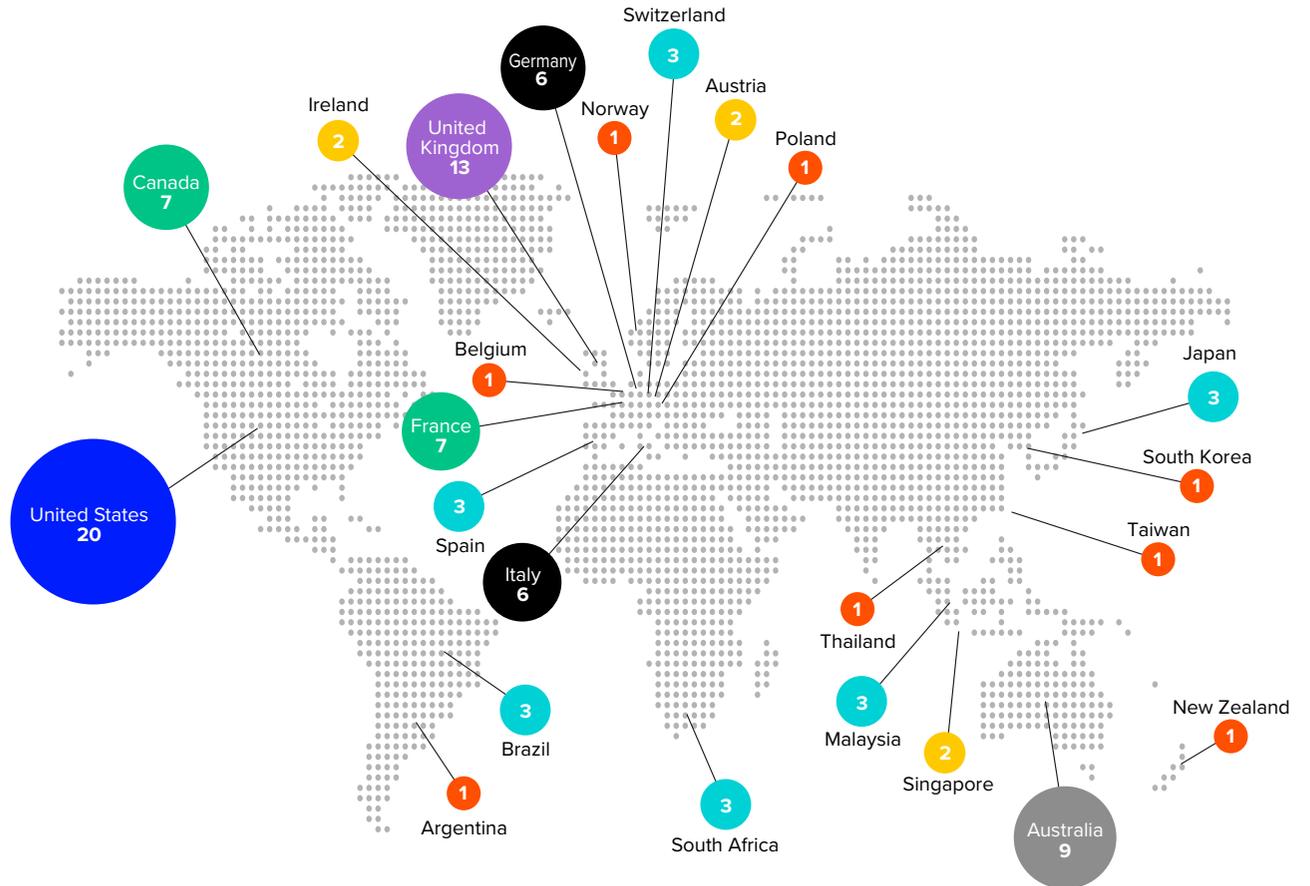
INDUSTRIES WITH THE MOST COMPANIES IN THE 2020 D&I INDEX

	Count of TRBC industry
Banking services	12
Pharmaceuticals	9
Specialty retailers	7
Personal and household products and services	7
Telecommunications services	7

CONSTITUENTS MARKET CAP FOR REFINITIV D&I INDEX

	% of overall constituents
Large	60
Mid	20
Small	20

COUNTRIES WITH THE MOST COMPANIES IN THE 2020 D&I INDEX



TOP 25 COMPANIES BASED ON REFINITIV D&I RANKINGS

Name	TRBC industry	Country	Overall score	Rank
BlackRock, Inc.	Investment banking and investment services	United States	81	1
Natura & Co Holding SA	Personal and household products and services	Brazil	80.25	2
Accenture Plc	Software and IT services	Ireland	80	3
Royal Bank of Canada	Banking services	Canada	79	4
Industria de Diseno Textil SA	Specialty retailers	Spain	78.5	5
L'Oreal SA	Personal and household products and services	France	78	6
Allianz SE	Insurance	Germany	77.75	7
Telecom Italia SpA	Telecommunications services	Italy	77.75	8
Novartis AG	Pharmaceuticals	Switzerland	77.5	9
Bank of Nova Scotia	Banking services	Canada	77.25	10
CCC SA	Specialty retailers	Poland	77.25	11
HERA SpA	Multiline utilities	Italy	77	12
Sony Corp	Computers, phones and household electronics	Japan	76.75	13
Toronto-Dominion Bank	Banking services	Canada	76	14

Name	TRBC industry	Country	Overall score	Rank
Owens Corning	Homebuilding/Household Goods	United States	76	15
HP Inc	Computers, phones and household electronics	United States	75.75	16
Enel S.p.A.	Electric utilities and IPPs	Italy	75.25	17
Estee Lauder Companies Inc	Personal and household products and services	United States	75.25	18
Societe Generale SA	Banking services	France	75.25	19
Vodafone Group plc	Telecommunications services	United Kingdom	75	20
Telefonica SA	Telecommunications services	Spain	74.75	21
Infrastrutture Wireless Italiane SpA	Telecommunications services	Italy	74.75	22
Roche Holding AG	Pharmaceuticals	Switzerland	74.5	23
Home Product Center PCL	Specialty retailers	Thailand	74.5	24
Salvatore Ferragamo SpA	Textiles and apparel	Italy	74.5	25

TOP RANKED D&I COMPANY

BlackRock, Inc., an Investment Banking & Investment Services company, ranked first on the Diversity and Inclusion Index for 2020.

When we put a spotlight on the top ranked company in our Diversity & Inclusion index, we notice that BlackRock's diversity and inclusion scores are best across People Development, Controversy and Inclusion.

Pillar	BlackRock Score	BlackRock Rank
Overall D&I score	81	1
People Development Score	80	13
Controversy Score	100	1
Inclusion Score	95	2
Diversity Score	49	67



SPOTLIGHT ON TOP INDUSTRIES

We put a spotlight on the top ranked industries based on Diversity & Inclusion rankings.

The software and IT Services industry has the highest overall score, and ranks first in its diversity score and inclusion score.

The Homebuilding/Household Goods industry ranks second overall and second on its inclusion score.

The Computers, Phones & Household Electronics industry ranks third, it's people development score is its highest ranked D&I pillar.

Pillar	Software and IT Services Score	Software and IT Services Rank	Homebuilding/ Household Goods Score	Homebuilding/ Household Goods Rank	Computer, Phones & Household Electronics Score	Computer, Phones & Household Electronics Rank
Overall D&I score	80	1	76	2	75.2	3
People Development Score	57	29	68	12	77	2
Controversy Score	100	1	100	1	100	1
Inclusion Score	93	2	92	2	62.7	24
Diversity Score	70	1	44	29	61.7	6

TOP 2020 D&I RATED COMPANIES

Top-performing companies by industry based on the Refinitiv 2020 Diversity and Inclusion ratings are listed below.

Industry	Top company	Country	Score
Aerospace and defense	BAE Systems plc	United Kingdom	69.5
Automobiles and auto parts	Fiat Chrysler Automobiles NV	United Kingdom	70
Banking services	Royal Bank of Canada	Canada	79
Beverages	Coca-Cola HBC AG	Switzerland	72
Computers, phones and household electronics	Sony Corp	Japan	76.75
Construction and engineering	Acciona SA	Spain	71
Construction materials	RHI Magnesita NV	Austria	70.25
Electric utilities and IPPs	Enel S.p.A.	Italy	75.25
Food and drug retailing	Woolworths Group Ltd.	Australia	71.25
Food and tobacco	British American Tobacco plc	United Kingdom	73.75
Healthcare equipment and supplies	ConvaTec Group Plc	United Kingdom	70.75
Healthcare providers and services	Mediclinic International plc	United Kingdom	73.25
Homebuilding/household goods	Owens Corning	United States	76
Hotels and entertainment services	Marriott International Inc.	United States	73.5
Industrial conglomerates	3M Co	United States	72
Insurance	Allianz SE	Germany	77.75

The lowest top performers, representing the aerospace and defense, and media and publishing industries, have increased by one point over last year, with a score of 69.5 in 2020.

Industry	Top company	Country	Score
Investment banking and investment services	BlackRock, Inc.	United States	81
Machinery, equipment and components	Trane Technologies plc	Ireland	71.5
Media and publishing	WPP plc	United Kingdom	69.5
Metals and mining	Gold Fields Limited	South Africa	72.75
Multiline utilities	HERA SpA	Italy	77
Natural gas utilities	Korea Gas Corp.	South Korea	71.25
Office equipment	Xerox Holdings Corp.	United States	72.5
Passenger transportation services	Singapore Airlines Ltd.	Singapore	73.25
Personal and household products and services	Natura &Co Holding SA	Brazil	80.25
Pharmaceuticals	Novartis AG	Switzerland	77.5
Professional and commercial services	Thomson Reuters Corp.	Canada	71.25
Software and IT services	Accenture plc	Ireland	80
Specialty retailers	Industria de Diseno Textil SA	Spain	78.5
Telecommunications services	Telecom Italia SpA	Italy	77.75
Textiles and apparel	Salvatore Ferragamo SpA	Italy	74.5

D&I INDEX PERFORMANCE

We conducted analysis on the Diversity and Inclusion Index compared to the MSCI World ESG Leaders Gross Return Index and the S&P Global 1200 ESG TR Index.



Source: Refinitiv Eikon

Looking at the total returns of the three indices (rebased in May 2012) we see that the Refinitiv Diversity and Inclusion Index performs better than similar indices.

Index name	Currency	RIC	Index return – by year					
			2014	2015	2016	2017	2018	2019
Refinitiv Diversity and Inclusion TR Index	USD	.TRDIT	6.67%	0.45%	8.90%	25.34%	-3.86%	29.52%
MSCI World ESG Leaders GR Index	USD	.MIWO00002GUS	5.42%	-0.55%	7.92%	21.70%	-7.22%	28.90%
S&P Global 1200 ESG TR Index	USD	.SPGESUT	5.21%	-1.61%	9.42%	23.22%	-7.39%	29.60%



CONCLUSION

This report reinforces the importance of diversity and inclusion in the workplace and the need to improve practices globally.

As we see improvements in diversity and inclusion throughout organizations, opportunities to capitalize on and risks to avoid will appear – are you ready to act?

Refinitiv ESG data has a critical role to play in informing and actioning positive change for investors and businesses, we hope this report provide insight and ideas to consider in your business and investment strategies.

REFINITIV ESG DATA AND SOLUTIONS

At Refinitiv, we strive to be the trusted and preferred partner for environmental, social and governance (ESG) data and solutions, and are committed to bringing to the market an array of best-in-class data, analytics and fully integrated workflow solutions.

Refinitiv ESG data

We understand the increasingly critical need for ESG information, and the solutions we offer enable customers to act with confidence on consistently captured and standardized, transparent information and insights.

We have deep domain expertise and have been providing ESG solutions to the financial industry since the early 2000s. Designed to help you make sound, sustainable investment decisions, our ESG data covers 80% of global market cap and over 450 metrics.

Our ESG data is available through Refinitiv Eikon®, Excel® add-in, Datastream®, Datastream Data Loader (DDL), QA Direct® and the Elektron Data Platform Cloud API.

For more information, visit us online at refinitiv.com/esg

refinitiv.com/esg

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Refinitiv Diversity and Inclusion index

Powered by our ESG data, the Refinitiv Diversity and Inclusion Index is designed to measure the relative performance of companies against factors that define diverse and inclusive workplaces.

Available through Eikon and via TRKD feed, our Diversity and Inclusion Index ranks 9,000 companies globally and identifies the top 100 publicly traded companies with the most diverse and inclusive workplaces, as measured by 24 separate metrics across four key pillars.

Discover more about the index at refinitiv.com/diversity.

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