

# Impact Report

## Quantitative Portfolio: Large Cap Gender and Diversity

The **Quantitative Portfolio: Large Cap Gender and Diversity** is designed to track the CRSP US Large Cap Index by maintaining similar risk characteristics relative to the index. The portfolio invests in companies that are fostering gender and diversity inclusion, by focusing on those with diverse leadership, anti-discrimination policies, and programs aimed at increasing opportunities for women and minorities. These companies are more likely to create opportunities for women and minority groups to participate fully in business and society as leaders and stakeholders.

### Invest in Equality – Invest with Impact

#### You Support:



Respectful and safe work environments for women and minorities



Inclusionary hiring and career development practices



Encouraging cultural understanding and sensitivity in the workplace

#### You Avoid:

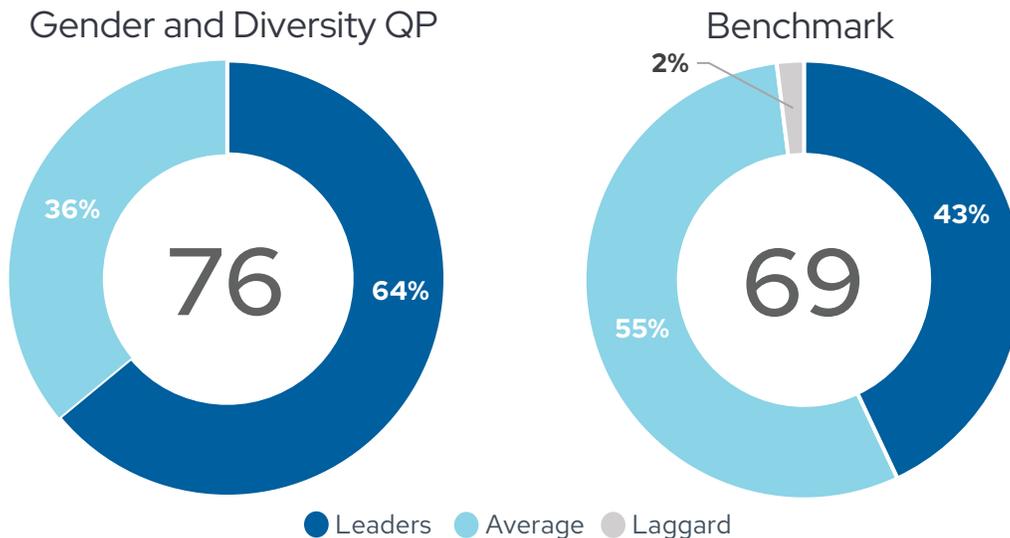


The adult entertainment industry, which has historically exploited women



Companies with controversial events related to severe sexual harassments cases

### Gender and Diversity Score



Portfolio Coverage: 100.00% Benchmark Coverage: 98.62%

Source: Sustainalytics

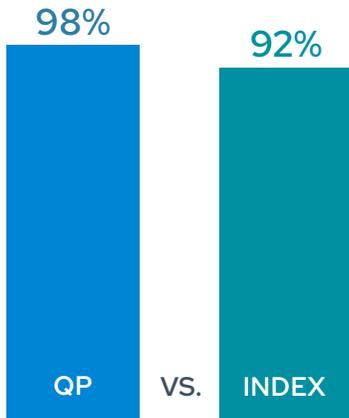
Benchmark: CRSP US Large Cap Index

Investments that utilize an ESG strategy carry specific risks that investors should consider before investing in ESG portfolios. See the end disclosure section for risks related to investing in ESG strategies.

# Gender and Diversity

## Diversity Program

98% of holdings have a strong diversity program.



**You support** companies that have diverse work forces.

Portfolio Coverage: 100.00%  
Benchmark Coverage: 98.62%

## Women on the Board

This portfolio has 3% more women on the board compared to the benchmark.



**You support** companies that have built diverse boards.

Portfolio Coverage: 99.30%  
Benchmark Coverage: 96.89%

## Discrimination Policy

92% of holdings have a strong discrimination policy.



**You support** companies that do not tolerate discrimination.

Portfolio Coverage: 100.00%  
Benchmark Coverage: 97.93%



Source: Sustainalytics  
Benchmark: CRSP US Large Cap Index

## Company Highlight:

Sector

Financials

### Progressive Corp.

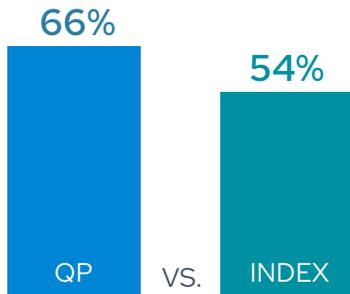
A US-based property and casualty insurer with a focus on automotive insurance, Progressive Corp. has diversity, equity, and inclusion (DEI) initiatives that include reflecting a diverse workforce by doubling the representation of people of color in senior leadership by 2025, an equal pay initiative, and fostering an inclusive work environment. Progressive features a workforce in which 37% identify as people of color and 57% identify as women, which is reflective of demographics of the US population in which 38% identify as people of color and 52% identify as women. Leadership at the company is comprised of 47% identify as women and 23% identify as people of color. Within in senior leadership specifically, the firm increased representation of people of color from 13% to 16% in 2021 alone, with a goal of 20% by the end of 2025. Progressive reports that, across its workforce, excluding its C-suite, women and people of color earn equal pay dollar-for-dollar with men and white colleagues, respectively. Progressive hosts forums for employees such as its annual Inclusion Week and various workshop series on DEI with its Employee Resource Groups (ERG). 42% of the company's employees participate in one or more ERG, which is above average among Diversity Inc's Top 50 benchmark and a metric the company correlates with better employee engagement and increased likelihood of employee retention. Progressive Corp.'s initiatives have resulted in the company's inclusion in numerous "best workplaces" lists and multiple DEI-focused employer awards.

Source: Sustainalytics; <https://www.progressive.com/about/diversity-and-inclusion/>

# Gender and Diversity

## Flexible Work Programs

66% of holdings offer flexible work options.

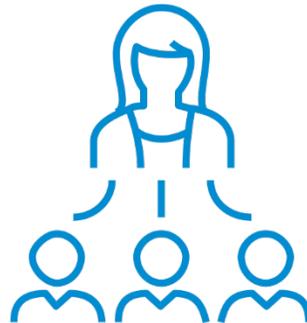


**You support** companies that give their employees flexibility in their work schedules and locations.

Portfolio Coverage: 97.20%  
Benchmark Coverage: 92.57%

## Women in Senior Management

This portfolio has 1% more women in senior management compared to the benchmark.



**You support** companies that have more women in prominent roles and positions within the business.

Portfolio Coverage: 78.32%  
Benchmark Coverage: 60.10%

## Equal Pay Strategy

15% of holdings have an equal pay strategy.



**You support** companies that have transparency and a commitment to providing equal pay for equal work.

Portfolio Coverage: 99.30%  
Benchmark Coverage: 96.89%



Source: Equileap For Informational Purposes Only  
Benchmark: CRSP US Large Cap Index

## Company Highlight:



### Micron Technology Inc.

Micron Technology Inc., a semiconductor manufacturer, possesses a strong diversity program. The company set six diversity, equity, and inclusion (DEI) commitments in 2020, on which progress is reported annually. Micron's six commitments include the following: 1) greater representation of underrepresented groups, 2) equitable pay, 3) a culture of inclusion, 4) advocacy for gender, racial, and LGBTQ+ equality, 5) engagement with diverse financial institutions, and 6) increased spending with diverse suppliers. The company grew the amount of underrepresented experienced new hires and college graduates by 5.4% and 7.3% respectively in FY 2021. In March 2021, Micron established global pay equity for all employees. In relation to building an inclusive culture, Micron reports a FY2021 inclusion index score of 85% compared to 78% in FY2020. Micron exceeded its goal to invest 3% of cash investments with diverse financial institutions. The company also increased its annual diverse supplier spend from \$104 million in FY 2020 to \$332 million in FY2021. Overall, 30.3% of Micron's workforce identifies as female, including 50% of its board of directors and 15% of its senior leadership as of FY2021.

Sustainalytics; Micron, DEI Annual Report, 2021

## Appendix – Sustainalytics Definitions

### Gender & Diversity Leaders

Percentage of companies in the portfolio that are assessed as leaders on diversity, according to Sustainalytics data. The Gender & Diversity Score is calculated as a simple average of three Sustainalytics metrics: Diversity Program, Discrimination Policy, and Board Diversity. These metrics are individually assessed on a 0-100 scale, with 100 being the best, and 0 being the worst. A leader is a company that scores above a 70 on the aggregated metric.

### Gender & Diversity Laggards

Percentage of companies in the portfolio that are assessed as laggards on diversity, according to Sustainalytics data. The Gender & Diversity Score is calculated as a simple average of three Sustainalytics metrics: Diversity Program, Discrimination Policy, and Board Diversity. These metrics are individually assessed on a 0-100 scale, with 100 being the best, and 0 being the worst. A laggard is a company that scores below a 25 on the aggregated metric.

### Discrimination Policy

The percentage of companies in the portfolio with a score >50 on this metric according to Sustainalytics. >50 is assessed as above average. Sustainalytics assesses each metric on a 0-100 scale, with 100 being the best, i.e. the company has a strong discrimination policy, and 0 being the worst, i.e. the company does not have a discrimination policy or does not disclose one.

The International Labour Organization (ILO) is the set of standards used for this measure. The policy needs to make a clear reference to the relevant ILO convention but does not need to specify the number of the convention. The policy needs to apply to at least 50% of the company's operations and follow the Sustainalytics criteria for a formal policy.

### Diversity Programs

The percentage of companies in the portfolio with a score >50 on this metric according to Sustainalytics. >50 is assessed as above average. Sustainalytics assesses each metric on a 0-100 scale, with 100 being the best, i.e. the company has a strong diversity program, and 0 being the worst, i.e. the company does not have a diversity program or does not disclose one.

This measure provides an assessment of the quality of a company's program to increase workforce diversity. An effective and comprehensive workforce diversity program must include measures to attract, hire, retain, and develop a diverse workforce. Initiatives must be targeted at certain groups that may otherwise face barriers entering the workforce or advancing in the corporate ladder (e.g. women, visible minorities, religious minorities, indigenous people and people with disabilities). These "designated groups" vary depending on the local context. General statements on human capital at large are not considered.

## Equileap Definitions

### Percentage of Women on the Board

This metric is calculated as the average percentage of women on boards for the companies held in the portfolio and the benchmark.

### Flexible Work Programs

This metric is calculated as the percentage of companies in the portfolio and the benchmark that offer flexible work programs, according to Equileap data. Flexible work is defined as the option for employees to control and/or vary the start and end times of the work day and/ or vary the location from which employees work.

### Percentage of Women in Senior Management

This metric is calculated as the average percentage of women in senior management for the companies held in the portfolio and the benchmark.

### Equal Pay Strategy

This metric is calculated as the percentage of companies in the portfolio and the benchmark that have an equal pay strategy, according to Equileap data. Equal pay strategy is defined by Equileap as transparency and commitment to provide comparable wages for comparable work.

## Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030. The SDGs are part of Resolution 70/1 of the United Nations General Assembly, the 2030 Agenda. At the heart of the goals is an urgent call for action by all countries - developed and developing - in a global partnership. The SDGs recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests.

Learn more about Sustainable Quantitative Portfolios at [envestnet.com/grq/strategies/sustainable](https://envestnet.com/grq/strategies/sustainable)



Coverage Ratio: Coverage represents the percentage of portfolio assets that report sustainability data on which the presented metric is based. A lower coverage indicates that the portfolio may not fully represent the metric being displayed. Portfolio and benchmark metrics are calculated using an asset-weighted average of company-level data from ESG data providers for each covered security. Cash and currency are excluded, as well as short positions, derivatives, synthetic holdings, and any fixed income and equity securities issued by companies that do not have sustainability data. As a result, this information is subject to change.

#### **Overview**

*Index performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.*

**CRSP US Large Cap Index** includes U.S. companies that comprise the top 85% of investable market capitalization. It includes both Mid and Mega capitalization.

#### **Disclosure**

The information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this brochure is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type.

All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment strategy. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon and risk tolerance.

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An investment in these portfolios is subject to market risk and an investor may experience loss of principal. By incorporating impact or environment, social, and governance ("ESG") characteristics into the investment process, the portfolios will limit the types and number of certain issuers. As a result, a portfolio's ESG or impact investment strategy may result in the portfolio investing in securities or sectors that underperform the market as a whole or underperform other investment strategies that are not ESG integrated or screened for ESG-related criteria.

The portfolios incorporate ESG and/or impact criteria on a best-efforts basis. QRG utilizes several ESG research and ratings providers for portfolio management and reporting purposes. All ESG and/or impact data are believed to be from reliable sources; however, we make no representation as to its accuracy or completeness. The scores, ratings, and assessments are subjective by nature, and may or may not be accurate, complete, or reflect the beliefs of some investors.

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**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.**

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