

Enterprise Sustainability

2023
Climate Transition
Update

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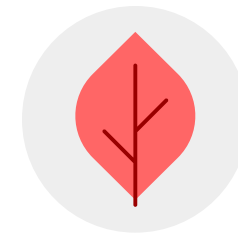
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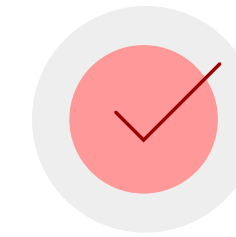
Morningstar's Commitment to Sustainabilityⁱ

Equipping investors with investment options, including sustainable-investment choices, and operating with sustainable business practices are integral to our mission. Our commitment to sustainability shapes efforts across the firm.



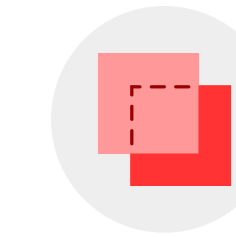
Sustainable-Investing Choices for All Investors

Morningstar aims to provide market-leading data, products, and services across investment processes to enable investors to conduct their business in the ways they believe are best. Through our sustainable-investing data, tools, services, and research, we provide the opportunity for investors of all types to understand sustainability considerations in their investments and support issuers who seek to improve the sustainability of their firms. We aim to make sustainable investing accessible, transparent, and relevant to investors.



Sustainability in Our Firm

We are committed to turning the power of our own environmental, social, and governance data and research on ourselves. We use our own data and tools to understand the sustainability indicators we view as most material to our business—those aimed at creating value and reducing risk for our stakeholders. We are committed to achieving year-over-year progress in our efforts to build a more sustainable business and workplace.



Embracing Transparency and Global Standards

Through Morningstar's corporate sustainability efforts, we engage with international frameworks and standards to disclose relevant and comparable data for our stakeholders. We report regularly on our sustainability efforts toward our independent targets, consistent with international goals and frameworks where most impactful for our business. We support initiatives that work toward sustainability; more details on these initiatives can be found on the following page.

For more information on our sustainability philosophy and progress across all material ESG issues, please visit our latest corporate sustainability report on our [Corporate Sustainability website](#).

Morningstar's Climate Commitment

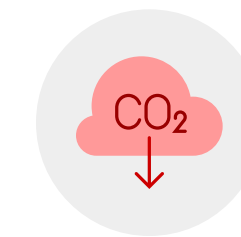
We aim to reduce Morningstar's impact on the environment while growing our business and the reach of our products. We recognize that Morningstar is uniquely suited to enable innovative investment solutions that address the global climate crisis through our investor product offerings. We also understand that limiting global emissions requires a whole economy in transition and that systemic change requires ambitious efforts across the financial system.

We are affiliated with several international organizations whose members are independently committed to global low-carbon transition planning, including the [Glasgow Financial Alliance for Net Zero](#) and the [Net Zero Financial Service Providers Alliance](#). In September 2021, Morningstar and a varied group of financial-

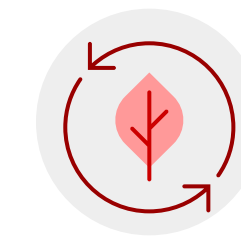
services providers announced the launch of the [NZFSPA](#), part of the larger [GFANZ](#). Through our participation, we have reiterated our own commitment to the United Nations Race to Zero. Our involvement underscores our recognition that addressing global emissions requires organizations across the financial system to each initiate and implement their own commitments toward achieving net zero emissions.

At Morningstar, our net zero commitment means acting prudently to reduce the impact of our business operations while engaging in transparent, long-term planning in the context of global climate change. It entails contributing insight to shared frameworks for measuring our progress and enhancing relevant portions of our product offerings to incorporate science-based net zero targets.

Morningstar has reiterated the following independent commitments in relation to its participation in the NZFSPA:



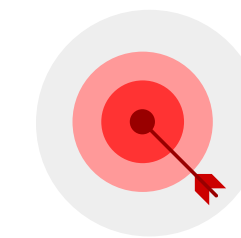
In the short term, Morningstar has committed to reducing measured greenhouse gas emissions by 50% by 2030 against a 2019 baseline.



In the long term, Morningstar has committed to achieving net zero by 2050 in absolute margins.



Morningstar will deliver annual reporting on progress.



The firm will work to develop Morningstar product parameters relevant to net zero transition plans, making these methodologies transparent on public platforms.

Our strategy to implement these commitments while expanding the growth of our business rests on four pillars:

- ▶ We recognize the power of our data, research, services, and products to inform investors on climate-related investment risks and opportunities.
- ▶ We seek to advance a climate program that emphasizes emissions reduction across our business operations.
- ▶ We support the development of transparent carbon markets, technology, and innovation to contribute to carbon removal.
- ▶ We invest in partnerships and commit to outside reporting, engagement, and measurement frameworks designed to support a global transition to net zero.

About This Reportⁱⁱ

Our [Climate Transition Plan](#) describes initiatives, programs, and partnerships that will enable Morningstar to decarbonize our operations and value chain. We also identify areas for further focus and detail our work with industry alliances. Our [2022 Climate Transition Update](#) was the first of our annual communications on progress shared the firm's net zero alignment. Now, we are sharing progress made in 2023 against our initial Climate Transition Plan.

Our Climate Transition Plan and Updates are just one portion of our public sustainability reporting portfolio; in addition, we publish an annual [corporate sustainability report](#), a [Task Force on Climate-Related Financial Disclosures-aligned report](#), and regular scorecards on our alignment with organizations

such as the United Nations Global Compact and the U.N.-backed Principles for Responsible Investment. These reports detail our overall sustainability approach across the Morningstar enterprise. As our progress in sustainability management expands, we continue to promote transparency through additional public reports, available on our [Sustainability Policies & Reports Center](#).



Emissions

At Morningstar, the primary components of our produced greenhouse gas emissions are the buildings we occupy (including our data centers); portions of our business-related offerings (like our conferences); business travel; our supply chain; and our financed emissions, such as those of Morningstar Wealth.

We define scope 1 emissions as associated with direct operations that we own or control; scope 2 emissions as indirect emissions from upstream sources such as energy use or the generation of purchased or acquired electricity, steam, heat, or cooling; and scope 3 emissions as all indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions.

Morningstar utilizes the Greenhouse Gas Protocol standard definitions to calculate and report greenhouse gas emissions. Our scope 2 emissions are calculated in line with the GHG Protocol Scope 2 Guidance using both a market-based and location-based approach for grid electricity emissions factors.

Data-Quality Enhancements

In 2023, we adopted programs to enhance the quality of our emissions and other environmental data. We enhanced our scope emissions category breakdowns and provided additional transparency to offer a more nuanced view of scope 2 emissions. We now disclose market-based and location-based metrics. This approach provides a deeper analysis of our energy consumption mix, encompassing initiatives like the procurement of renewable energy certificates and specific power purchase agreements.

We gained access to better data from landlords and refined our estimation models and calculations of emissions. Additionally, we transitioned to Salesforce's Net Zero Cloud platform to gather and calculate our global environmental data, align with the evolving needs of our environmental program, and support scalability. These enhancements helped identify areas in which our historical emissions data needed to be re-presented because of to new estimation models, emissions factors, and calculations.

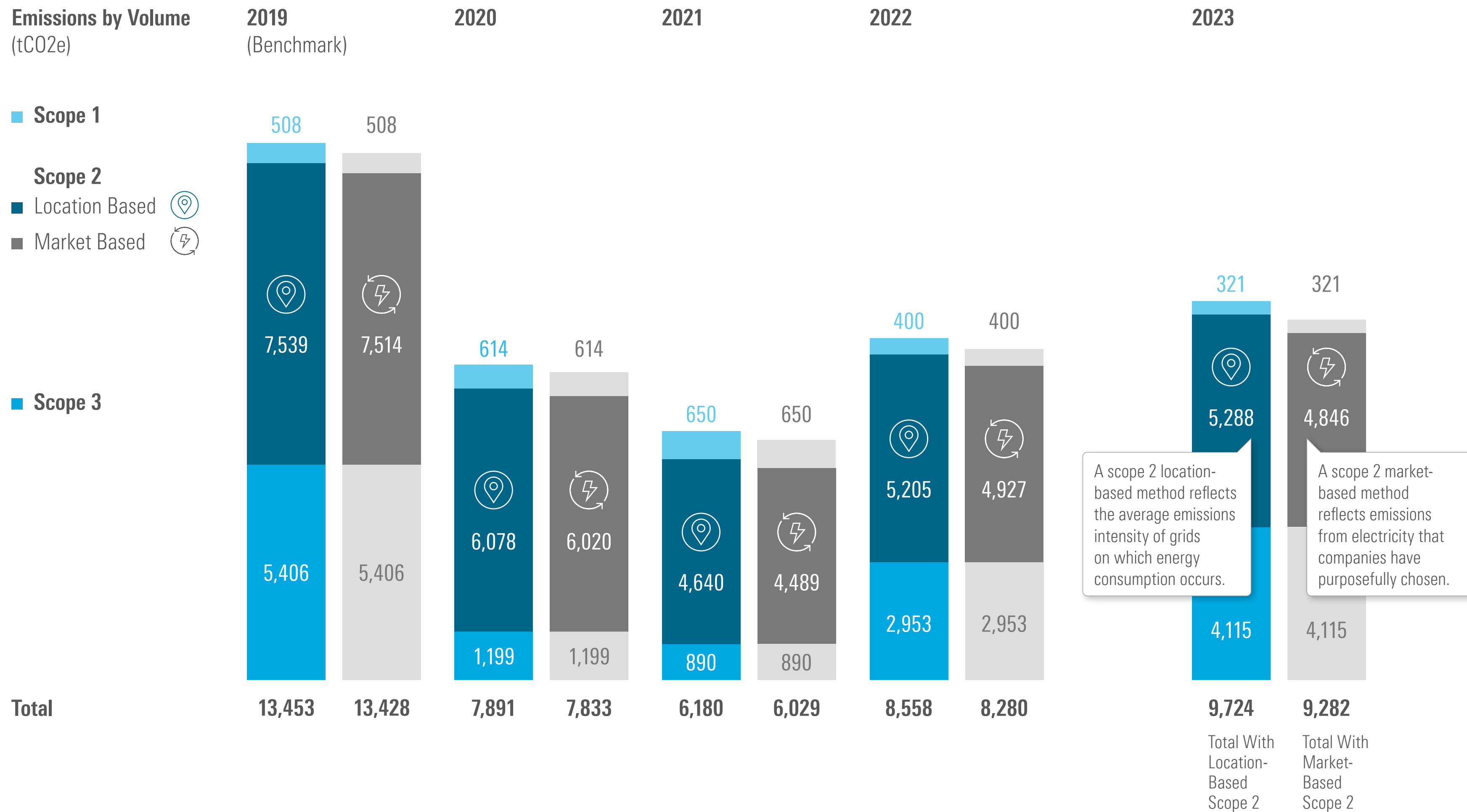
The changes we are making reflect a strengthened environmental data disclosure program, allowing us to build better strategies to decarbonize our business in order to reach net zero emissions. These enhancements to the quality of our environmental data are reflected in the 2023 emissions details chart presented on the following page, which

now contains improved emissions data quality compared with what was reported in our original Climate Transition Plan. Our ability to measure scope 1 and 2 emissions has improved, and we aim to expand our scope 3 supply-chain-based emissions reporting in the future. In 2024, we are focusing on third-party data center emissions, discussed in more detail in the data center strategy section of this report.

2023 Emissions Data Trends

In 2023, Morningstar's global headcount declined to 11,334 from 12,224. We reduced our office portfolio to 53 offices from 57ⁱⁱⁱ, aligned with our evolving global strategy to concentrate our operations within larger markets. With the easing of the global covid-19 pandemic, 2023 was the first year when business travel emissions trended closer to prepandemic levels.

Environmental Impact: Our Contributions



Morningstar’s total (location-based) emissions in 2023 were 9,724 tCO₂e, an increase of 1,166 tCO₂e from last year. This was primarily due to an increase in our scope 3 emissions, driven by an increase in business travel. Our total scope 1 and scope 2 emissions (both market- and location-based) remained largely consistent with prior years. To quantify the intensity of this impact, we measure our total emissions per million dollars of revenue. Our full-year 2023 revenue was approximately USD 2 billion, leading to 4.8 (location-based)^{iv} and 4.6 (market-based) tCO₂e per million dollars in 2023, an increase from 4.6 (location-based) and 4.4 (market-based) tCO₂e per million in 2022.

A full narrative of our 2023 emissions data can be found in the Environmental Impact section of our [2023 Corporate Sustainability Report](#). Learn more about our climate scenario analysis on our climate-related transition risks in Morningstar’s [TCFD Report](#).

Workplace Facilities and Data Centers

New Locations and Leases

In 2023, we enhanced our real estate selection process to further integrate sustainability into our operations. This involves an increased focus on the environmental practices of our landlords, prioritizing those who demonstrate a readiness and openness for sustainability. All our prospective landlords now respond to a survey detailing office environmental data and characteristics and climate transition commitments.

Management of Existing Facilities

Morningstar’s workplace facilities (occupied and leased office space) footprint makes up 44% of our total reported emissions and 75% of our scope 1 and 2 emissions. In 2023, our workplace facilities teams identified top emissions-producing offices and created a plan for decarbonization.

In 2023, our teams enabled energy efficiency features on all Morningstar-controlled equipment, where possible. For example, in our Chicago office, we enabled automated smart

lighting systems on all floors and undertook an employee communication initiative with Morningstar’s Sustainability Network Employee Resource Group to reduce our in-office dishwasher use, with the goal to save on energy and reduce water consumption. In our Mumbai offices, we started switching to LED lighting and improved our office air conditioning and lighting controls.

To emphasize sustainability in workplace design, we require sustainability considerations in the refurbishment of our existing offices and in the design of new ones. In some of our offices, such as our offices in Amsterdam, Chicago, New York, Seattle, and Toronto, we have made composting and/or recycled food waste disposal available to employees in an effort to reduce landfill waste. Following the success of these pilot programs, we plan to implement this initiative across many of our other offices.

In 2024, Morningstar is focusing on assessing its existing real estate portfolio and streamlining

our local operations where appropriate. Additionally, we continue prioritizing sustainability in our office operations by developing sustainability-driven employee communications, sustainable catering policies, and more.

Renewable Energy Strategy

Morningstar has operations in 32 markets but does not own any real estate. Of our scope 2 market-based emissions, 98% comes from electricity purchases, with 71% of those emissions belonging to our leased offices. For some offices, our electricity is managed by our landlords who already purchase renewable energy on our behalf; they do this via Green Tariffs directly with the utility provider, renewable energy credits, and/or corporate or virtual purchase power agreements. Morningstar intends to increase the amount of renewable energy used by our offices and reduce our measured emissions. We plan to work directly with utility companies to procure renewable energy options in offices where we have direct control over electricity

61% Global office space square footage in an environmentally certified space

40% Morningstar offices run on 100% electricity

26.8kg Waste per employee

15.7kg Water consumption per employee

9% Total electricity consumption from renewable sources

Governance

At Morningstar, governance of our climate commitment sits with the highest level of our company through our board, management teams, and business units overseeing this day-to-day work. We seek to align Morningstar's approach to governance, board composition and management, and management oversight with the practices that our research analysts have identified as consistent with good stewardship, shareholder transparency, and long-term value creation. The graphic on the next page demonstrates how company sustainability initiatives are integrated into our firm structure and operations. More details can be found in the Governance section of our [2023 TCFD Report](#).

Environmental Statement

We understand that to effectively manage our organization's environmental impact, we must develop a robust internal process to measure, manage, reduce, and report on that impact. In 2023, we created an [Environmental Statement](#) that demonstrates our focus on environmental stewardship and our efforts to drive climate action within Morningstar. It outlines how the firm can work to advance its environmental impact prevention, mitigation, and reduction efforts in a manner consistent with our publicly stated goals and objectives. The statement focuses on near- and long-term efforts to build a more sustainable business and workplace for Morningstar and its subsidiaries.

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