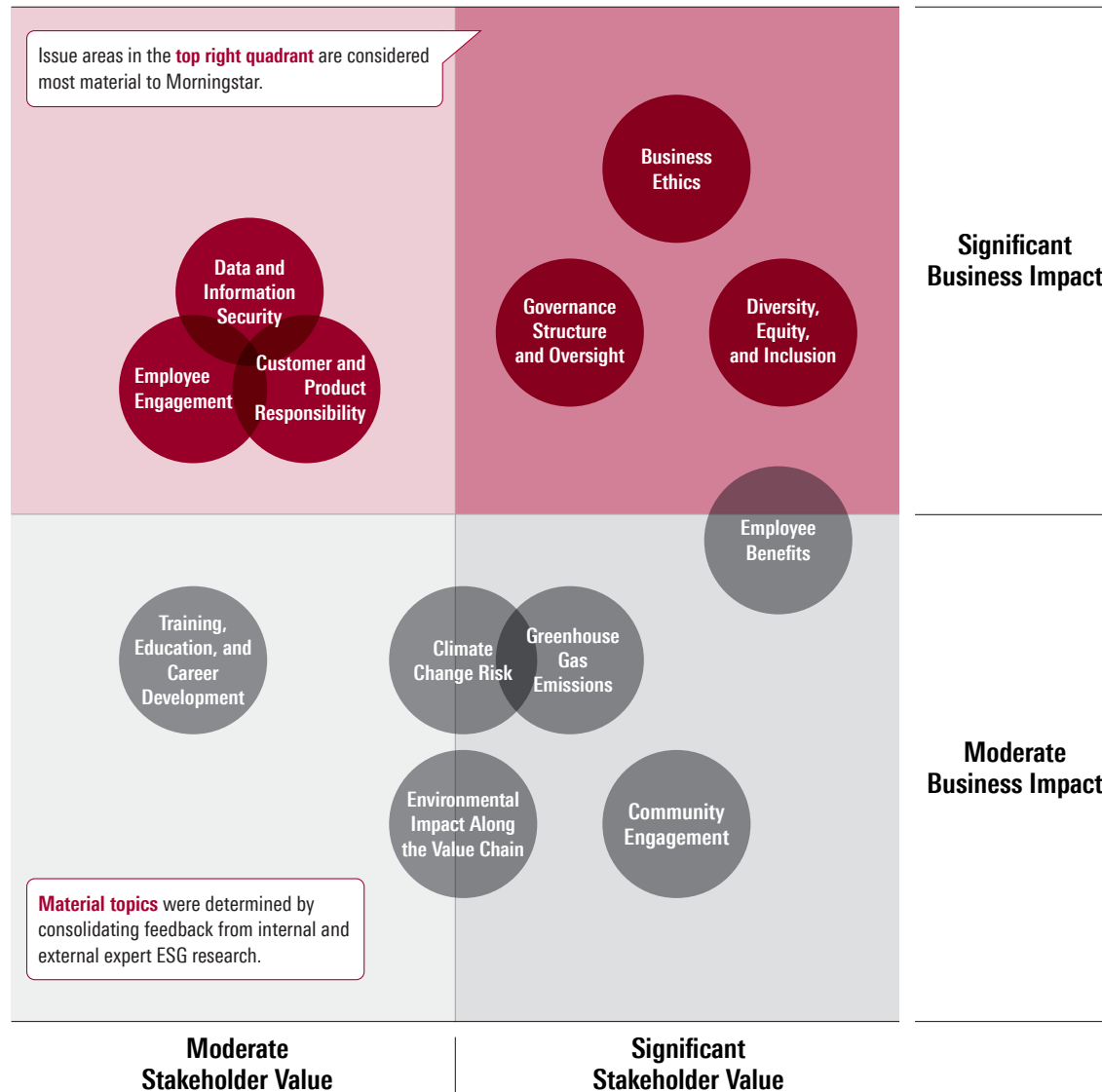


# 2020 Morningstar Enterprise Sustainability Report: Sustainability Data



## Morningstar's Material ESG Issues

● Material topic    ● Additional topics prioritized by employees and stakeholders



This visual represents our understanding of Morningstar's material ESG issues — their potential impact on our business performance and their importance to our various stakeholders. A value positioned high on the vertical axis suggests that ESG experts believe the issue is likely to impact Morningstar's business performance. Values on the right of the graph represent high-priority issues for Morningstar stakeholders.

*Business Impact:* We believe these material ESG issues are likely to impact our immediate business success and performance.

*Stakeholder Value:* These additional issues matter deeply to Morningstar colleagues and other stakeholders.

### Material topics

- Business Ethics
- Diversity, Equity, and Inclusion
- Governance Structure
- Data and Information Security
- Employee Engagement
- Customer and Product Responsibility

### Additional topics prioritized by employees and stakeholders

- Employee Benefits
- Greenhouse Gas Emissions
- Climate Change Risk
- Training, Education, and Career Development
- Environmental Impact Along the Value Chain
- Community Engagement

# Sustainability Data

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## Morningstar's People and Workplace

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## Morningstar's Governance

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## Morningstar's Business Operations

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Morningstar is focused on incorporating sustainability and ESG data across our research, solutions, and services and translating sustainability principles into core competencies in our governance, workplace, and business operations.

We're applying our own ESG research and tools to our business to prioritize transparency and sustainability in our workplace, our governance, and our business operations. We align our company with the research that indicates that diverse teams make better decisions and that innovation thrives in a culture of transparency. We align our governance with the practices that our analyst teams have identified with good stewardship, shareholder transparency, and long-term value creation. We pursue a robust, data-driven approach to privacy and security. We seek to measure and reduce our impact on the environment while building innovative investment solutions to address the climate crisis.

[Download our full 2020 Morningstar Enterprise Sustainability here.](#)

# Morningstar's People and Workplace

## Material Topics

- Employee Engagement
- Diversity, Equity, and Inclusion

## Additional topics prioritized by employees and stakeholders

- Employee Benefits
- Training, Education, and Career Development
- Community Engagement

We are committed to fostering an environment and a community in which the talented, driven people who power our mission can excel. We recognize that our success depends on the values and performance of our employees, and we support them in a range of initiatives in the areas of engagement, professional growth, equity, diversity, and inclusion. Our work in this area is primarily designed to reduce risk associated with human capital and with the management of skilled labor through retention and recruitment programs, career development options, and labor relations issues.


Our reporting in this area draws on Sustainalytics' materiality work. We disclose data and information consistent with external standards for reporting, including Sustainable Accounting Standards Board (SASB): SASB SV-PS-330a.1, SV-PS-330a.2, SV-PS-330a.3; and Global Reporting Initiative (GRI): GRI 102-8,405-1, 404-3. These data sets are described as relating to the ability of firms to ensure their culture; hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the

makeup of local talent pools and customer base; quantitative measures on diversity including details on board, employee, and management team; information on employees and other workers; the diversity of the governance bodies and employees; and the percentage of employees receiving regular performance and career development reviews. Our report covers 2020 data. In certain cases, we have included 2019 data for purposes of comparison.


## MEI.13 Human Capital

Human capital focuses on the management of human resources. It includes the management of risks related to scarcity of skilled labor through retention and recruitment programs, and includes career development measures such as training programs. Additionally, it includes labor relations issues, such as the management of freedom of association and diversity issues, as well as working hours and minimum wages.


# Morningstar's People and Workplace

Material Issue	Metric	2019	2020	Page Number Reference
 <p>Employee Engagement</p> <p>MEI.13 — Human Capital</p>	Employee engagement	73%	80%	25
	Percentage of colleagues who report feeling motivated to go above and beyond what's expected of their role	—	85%	25
	Percentage of colleagues who report being comfortable asking other members of their team for help	—	92%	25
	Percentage of colleagues who report understanding how their work is connected to the company strategy	—	87%	25
	Great Place to Work score	—	81%	26
	Employee turnover rate	—	12%	26

# Morningstar's People and Workplace

Material Issue	Metric	2019	2020	Page Number Reference
 <b>MEI.13 — Human Capital</b>	Percentage of U.S. employees who have completed the U.S. wellness incentive program	—	76%	28
	Percentage of eligible employees taking advantage of sabbatical	29%	19%	27
	Number of eligible employees taking advantage of sabbatical	472	319	29
	Percentage of colleagues who are shareholders through a compensation or benefit program	—	32%	27
	Percentage of employees taking advantage of shared ownership	—	16%	27

# Morningstar's People and Workplace


Material Issue	Metric	2019	2020	Page Number Reference
	Percentage of female compared to male colleagues (full organization)	—	42%	31
	Percentage of female compared to male colleagues (senior leadership)	—	31%	31
	Percentage of female compared to male colleagues (entry-level or midlevel roles)	—	42%	31
<b>MEI.13 — Human Capital</b>	Racial/ethnic identity of colleagues in areas in which we collect this data	—	68% White, 21% Asian, 4% Hispanic, 3% Black, 3% two or more races, (1% Preferred to Not Answer)	31
	Morningstar Development Program entry-level metrics by gender identity	—	57% Women; 43% Men,	32
	Morningstar Development Program entry-level metrics by racial/ethnic identity	—	55% White, 35% Asian, 4% Black, 3% Hispanic, 3% two or more races	32
	Percentage of females compared to males on the board of directors	—	40%	31
	Percentage of female committee chairs compared to males	—	33%	31
	Number of nationalities for our global business	—	87	31
	Number of languages spoken	—	32	31

# Morningstar's People and Workplace

Material Issue	Metric	2019	2020	Page Number Reference
 <p>MEI.13 — Human Capital</p>	USD amount of cost associated with education programs and mentorship / number of employees	—	<b>Over USD 590</b>	<b>35</b>
	Percentage of eligible employees who received a formal talent review	—	<b>96%</b>	<b>35</b>
	Percentage of employees who believe Morningstar is committed to their career development	—	<b>77%</b>	<b>35</b>
	Number of Morningstar Scholars	—	<b>75</b>	<b>36</b>
	Global education stipend spend in 2020	—	<b>USD 1.3 M</b>	<b>36</b>
	Percentage of employees using educational stipend	—	<b>49%</b>	<b>36</b>
	Number of CFAs	—	<b>199</b>	<b>36</b>
	Number of languages spoken			<b>32</b>



# Morningstar's People and Workplace

Material Issue	Metric	2019	2020	Page Number Reference
 Community Engagement	Total employee donations, company matched donations, and Morningstar donations	—	Over USD 1M	38

MEI.13 — Human Capital

# Morningstar's Governance

## Material Topics

- Business Ethics
- Board Management and Structure

We seek to align Morningstar's governance approach with the practices that our research analyst teams have identified as consistent with good stewardship, shareholder transparency, and long-term value creation. Our work in governance is designed to address the management of general professional ethics, such as the management of corporate finance, intellectual property, and competitive practices. It is designed to address material risk inherent to our position as a financial-services company that issues investment ratings. It includes the cultivation of a majority independent board, characterized by diverse backgrounds and deep industry expertise; and a deliberate approach to shareholder engagement, characterized by consistent standards and regular, accessible, and equitable communication with investors of all types.

Our reporting in this area draws on Sustainalytics' materiality work. Our reporting in this area is consistent with external standards for reporting, including GRI: 102-16, 103-2, 102-23, 102-22, 405-1 and SASB: SV-PS-510a.2. These data sets are described as relating to standards and norms of behavior; firm management approach and its components; firm approach to managing risk and

opportunities surrounding ethical conduct of the business; chair of the highest governance body; composition of the highest governance body and its committees; and diversity of governance bodies and employees. Our report covers 2020 data. In certain cases, we have included 2019 data for purposes of comparison.

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## MEI.4 Business Ethics

Business ethics focuses on the management of general professional ethics, such as taxation and accounting, anticompetitive practices, and intellectual property issues. Business ethics may include bribery and corruption for subindustries that do not have bribery and corruption as a separate material ESG issue. Additional subindustry-specific topics — such as medical ethics and ethics regarding the provision of financial services, etc. — may also be included in this issue. In addition, ethical considerations related to customer selection may also be included here for some subindustries if products or services may be used to violate human rights, for example.

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## MEI.0 Corporate Governance

Corporate governance comprises six pillars: Board/Management Quality and Integrity; Board Structure; Ownership and Shareholder Rights; Remuneration; Audit and Financial Reporting; and Stakeholder Governance. These six pillars represent foundational structures for the management of ESG risks.

# Morningstar's Governance

Material Issue	Metric	2019	2020	Page Number Reference
	Percentage of company employees that have certified compliance with the Code of Ethics	—	95%	46
	USD amount of monetary losses as a result of legal proceedings associated with professional integrity	—	<b>Information regarding any significant legal proceedings is published in Morningstar's 10K.</b>	47
MEI.4 Business Ethics	USD amount of corporate resources that have been used for political contributions/spending	—	<b>Morningstar prohibits the use of corporate resources to make direct political contributions; none of its employees meet the applicable definition of lobbyists.</b>	45
	Percentage of employees who report that acting ethically and with integrity on the team takes priority over achieving business results	—	85%	45

# Morningstar's Governance

Material Issue	Metric	2019	2020	Page Number Reference
 MEI.0 Corporate Governance	Percentage of board members who qualify as independent	—	70%	43
	Board member tenure	—	4 people, 0–5 years 1 person, 6–10 years 1 person, 11–15 years 4 people, over 15 years	43
	Board members' average age and age range	—	60.6 average age, age range 39–73	43
	Board gender distribution	—	40% female, 60% male	43
	Percentage of ethnically diverse board members	—	20%	43

# Morningstar's Business Operations

## Material Topics

- Data and Information Security

## Additional topics prioritized by employees and stakeholders:

- Climate Change Risk
- Greenhouse Gas Emissions
- Environmental Impact Along the Value Chain

Our work to integrate environmental principles in our sustainability strategy is aligned with the priorities of our colleagues, consistent with our work to contribute to innovative solutions to the global climate crisis, and reflective of our product offerings.

Our work to track and manage the impact of our business operations reflects the interests of our employees, stakeholders, and the communities in which we live and work; additionally, we see that our awareness and management of environmental issues helps us to attract and retain talent. Work in this area relates to the company's management of risks related to its own operational energy use and greenhouse gas (GHG) emissions; it currently includes portions of Scope 3 emissions, such as transport and logistics. It does not currently include emissions in the supply chain or during the use phase/end-of-life cycle of a product.

Our reporting in this area draws on Sustainalytics' materiality work. We disclose data and information similar to/consistent with external standards for reporting, such as the Global Reporting

Initiative's (GRI) framework. In this area, data we have reported is consistent with GRI: 305-1, 305-2, 305-3, and 305-4, which relate to GHG emissions as a direct or indirect result of a company's consumption of energy and resource efficiency relative to economic value. Our report covers 2020 data. In certain cases, we have included 2019 data for purposes of comparison.

## MEI.8 — Carbon — Own Operations

Carbon — Own Operations refers to a company's management of risks related to its own operational energy use and GHG emissions (Scope 1 and 2). It also includes parts of Scope 3 emissions, such as transport and logistics. It does not include emissions in the supply chain or during the use phase/end-of-life cycle of a product.

# Morningstar's Business Operations

Material Issue	Metric	2019	2020	Page Number Reference
 <p>Greenhouse Gas Emissions</p>	Total amount of Scope 1 CO2 equivalents	414	565	53
	Total amount of Scope 2 CO2 equivalents	9,357	8,158	53
	Total amount of Scope 3 CO2 equivalents	5,707	1,436	53
 <p>MEI.8 — Carbon — Own Operations</p>	Total GHG emissions per output scaling factor	12.9 tCO2e per USD million in revenue	7.3 tCO2e per USD million in revenue	52