2022

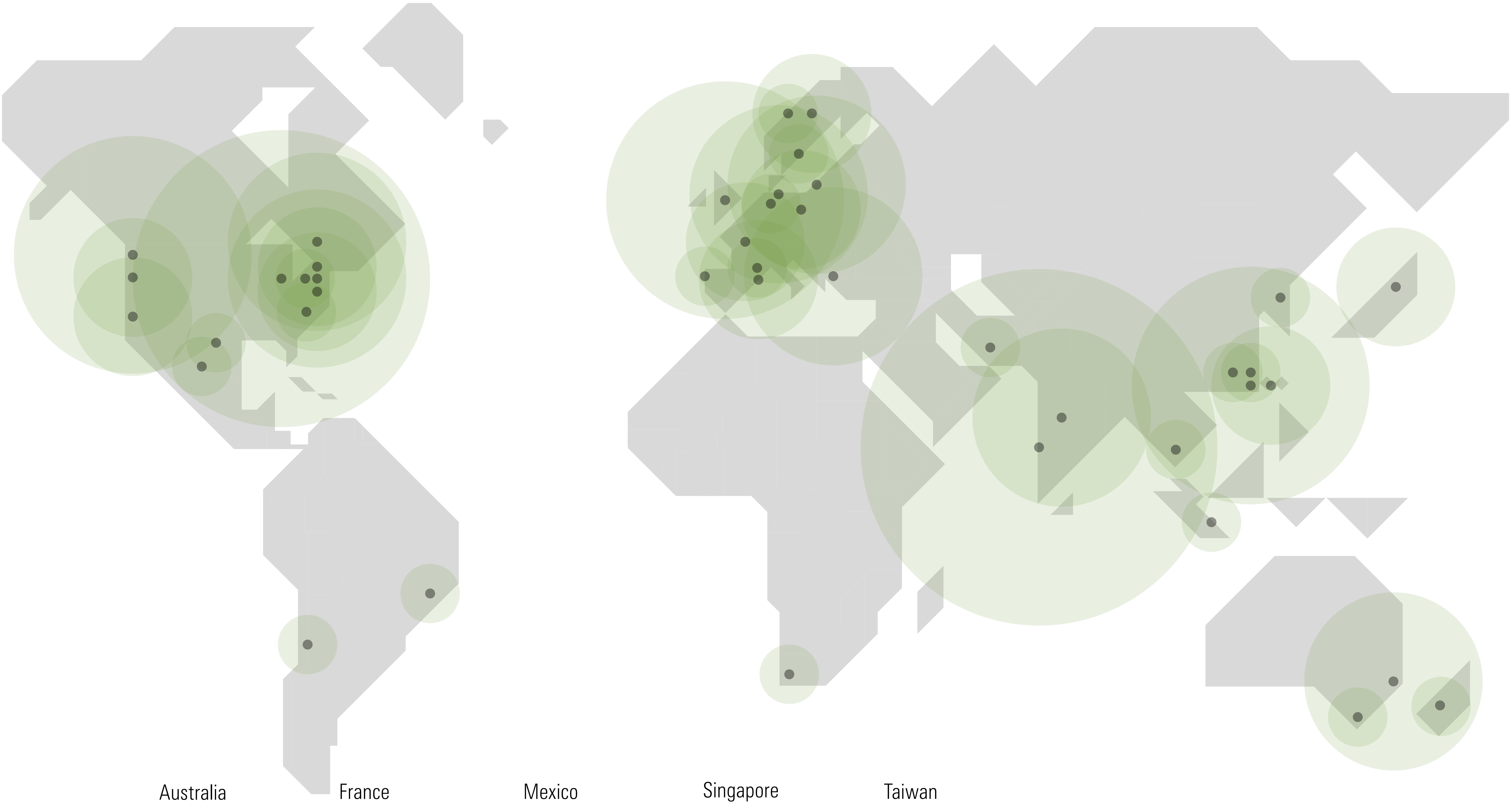
Morningstar Climate Transition Plan

Contents

About Morningstar

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of products and services for individual investors, financial advisors, asset managers and owners, retirement plan providers and sponsors, and institutional investors in the public and private capital markets. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, debt securities, and real-time global market data. Morningstar also offers investment management services through its investment advisory subsidiaries. The company has operations in 29 markets.

Global Offices



Australia	France	Mexico	Singapore	Taiwan
Brazil	Germany	Netherlands	South Africa	Thailand
Canada	India	New Zealand	South Korea	United Arab Emirates
Chile	Italy	Norway	Spain	United Kingdom
China	Japan	Poland	Sweden	United States
Denmark	Luxembourg	Romania	Switzerland	

Morningstar's Commitment to Sustainability

At Morningstar, our mission is to empower investor success. Enabling sustainable-investing choices and operating with sustainable business practices are integral to that mission. Our commitment to sustainability shapes efforts across the firm.

Empowering Sustainable-Investing Choices for All Investors: We recognize that the most significant impact we can have on the sustainability of markets is through our environmental, social, and governance data, tools, services, and research. Our work makes sustainable investing accessible, relevant, and personal to individuals; it enables investors of all types to understand their sustainable-investing options, including ESG risk assessment; it delivers transparency and supports issuers that seek to improve the sustainability of their own firms.

Prioritizing Sustainability in Our Firm: As a global employer, we are committed to turning the power of our own ESG research lens on ourselves. We use our own data and tools to understand the ESG indicators that are most material to our business and our opportunities to drive sustainable impact. We are committed to year-over-year progress on our material ESG topics to build a more sustainable business and workplace.

Embracing Transparency and Aligning With Global Standards and Partnerships: Morningstar engages with international frameworks and standards to provide our stakeholders with relevant and comparable data to help them understand how to measure ESG performance in the workplace and the marketplace. In 2021, we joined global agreements and partnerships that require us to report regularly on our sustainability goals. We recognize the importance of reporting using frameworks that emphasize comparability, such as Sustainability Accounting Standards Board-aligned guidance. For more information on our sustainability philosophy and progress across all material ESG issues, please visit our latest sustainability report on our **Corporate Sustainability website**.

Climate Commitment

In September 2021, Morningstar and a group of financial-services peers announced the launch of the **Net Zero Financial Service Providers Alliance**, part of the larger **Glasgow Financial Alliance for Net Zero.** The NZFSPA was formed in recognition that limiting global emissions requires a whole economy in transition and that systemic change requires coordinated and ambitious commitments across the financial system.

Kunal Kapoor, Morningstar's CEO, described the importance of the NZFSPA, saying, "Offering investors of all types transparent data, independent research, and clear ratings that help them understand sustainability and the material risks and opportunities it brings for the long term is central to empowering investors' success and impact. By uniting as an industry to highlight ESG risks across the investment landscape, we will speed opportunities for sustainability to continue driving innovation and spur the progress we all want to see toward a net-zero world."

For Morningstar, our net-zero commitment means ensuring that we act prudently to reduce the impact of our business operations while engaging in transparent, long-term planning and reporting in the context of global climate change. It entails working with peers across our industry to create shared frameworks for measuring our progress, and it requires us to align relevant portions of our product offerings to science-based net-zero targets.

Our participation in the NZFSPA includes but is not limited to the following **commitments**:

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

In the long term, Morningstar commits to achieving net zero by 2050 against a 2019 baseline in absolute targets.

Morningstar commits to annual reporting on progress.

Morningstar will work with other member firms to define product parameters relevant to net-zero transition plans.

Our future net-zero alignment 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 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 accelerate a global transition to net zero.

This 2022 Climate Transition Plan is the first of our annual communications on progress toward the firm's net-zero alignment. In this plan, you will find a description of Morningstar's current emissions, the unique challenges we face, and our plan to address those challenges.

Approach to Climate Transition Planning

Morningstar is committed to sustainability to increase our firm's resiliency and future potential; we aim to reduce our impact on the environment while expanding the growth of our business and the reach of our products to support innovative solutions to the global climate crisis.

Reporting Alignment

This 2022 Climate Transition Plan is just one portion of our public **sustainability reporting portfolio**; in addition, we publish an annual corporate sustainability 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.

Our transition plan is consistent with the **U.N.'s Race to Zero Campaign**. We seek to align with the **Science Based Targets initiative's Sectoral Decarbonization Approach**. The following pages lay out our initial approach and discuss the current and future development of five key areas—our products; our buildings and data centers; our business travel; our supply chain; and our partnerships, research, and innovation—that advance our efforts toward net zero.

Development in each of these pillars varies. The firm is in the beginning of its climate transition planning process. As a founding member of the NZFSPA, we have committed to building this plan over time and publishing an annual scorecard that tracks our progress.

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 the financed emissions of our subsidiary, **Morningstar Investment Management Group**.

We define scope 1 emissions as associated with direct operations that we own or control. We define 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. We define scope 3 emissions as all indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions.[1]

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 a location-based approach for emissions factors for grid electricity.

1 Defined according to U.N. Race to Zero Expert Peer Review Group Interpretation Guide, P. 5.

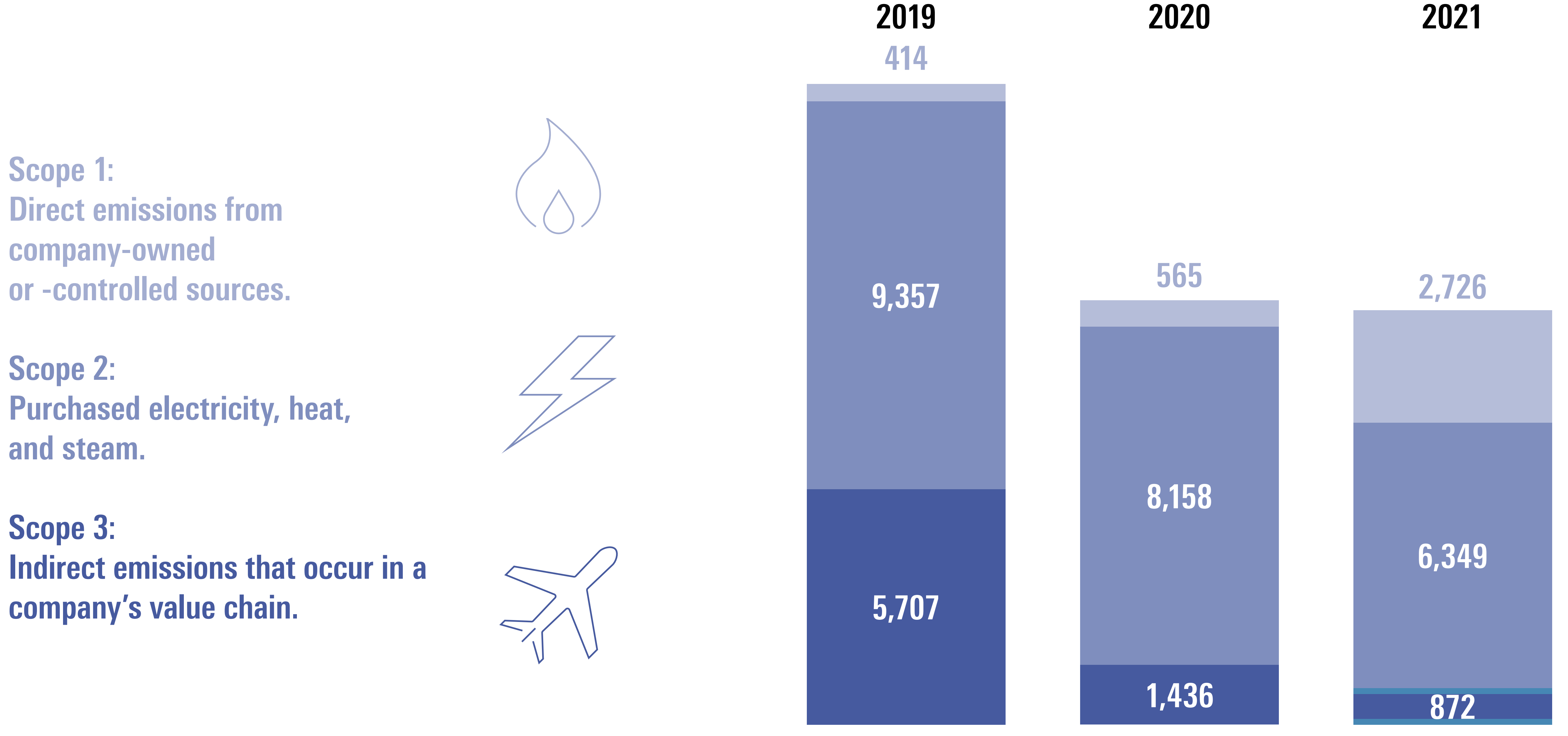
In 2021, Morningstar emitted an estimated 9,947 tonnes of greenhouse gas emissions (tCO2e), a slight reduction from 2020's estimated 10,159 tCO2e. In comparison to our baseline year, 2019, Morningstar emitted an estimated 15,478 tCO2e.

Influences on Current and Future Emissions

Business Growth: Business growth affects total emissions. For Morningstar specifically, our growing employee population corresponds to a growing carbon footprint as office space and business travel needs increase. At the end of the year in 2022, we had approximately 12,269 employees in 29 markets.

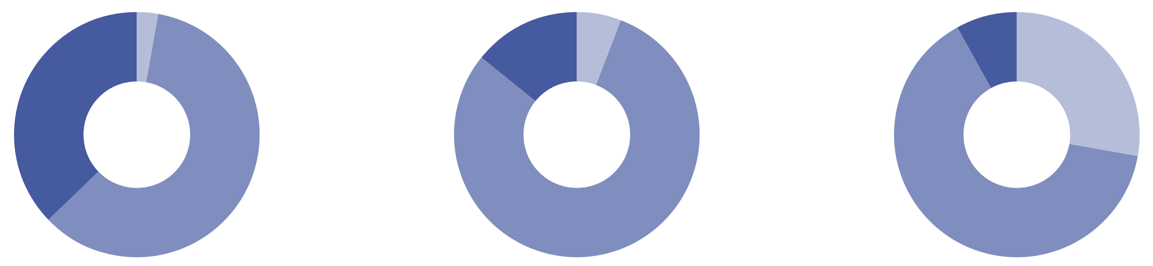
External Factors, Such As the COVID-19 Pandemic:
Like other organizations, our work was impacted by the COVID-19 pandemic. Employees worked remotely in many of the countries where we operate for portions of 2020 and 2021, and business travel was dramatically reduced. As a result, our total emissions declined compared with baseline 2019 measurements.

Emissions by Volume



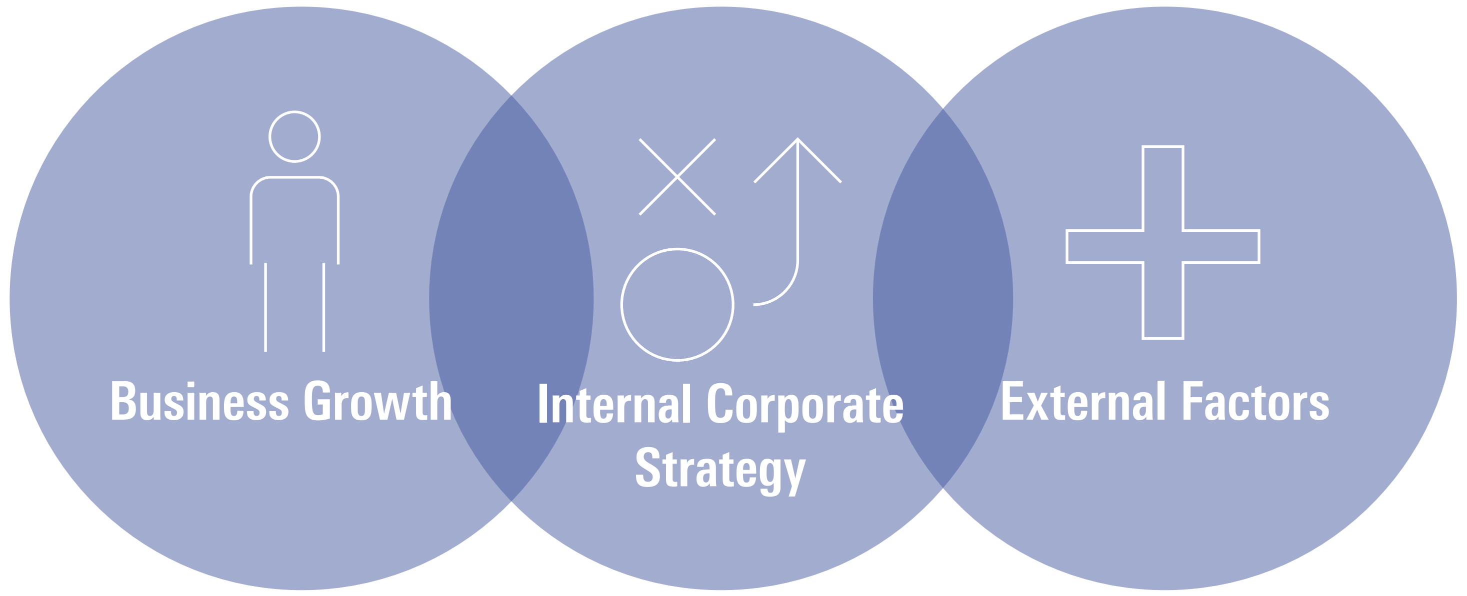
	2019	2020	2021
Total:	15,478	10,159	9,947

Total Emissions by %

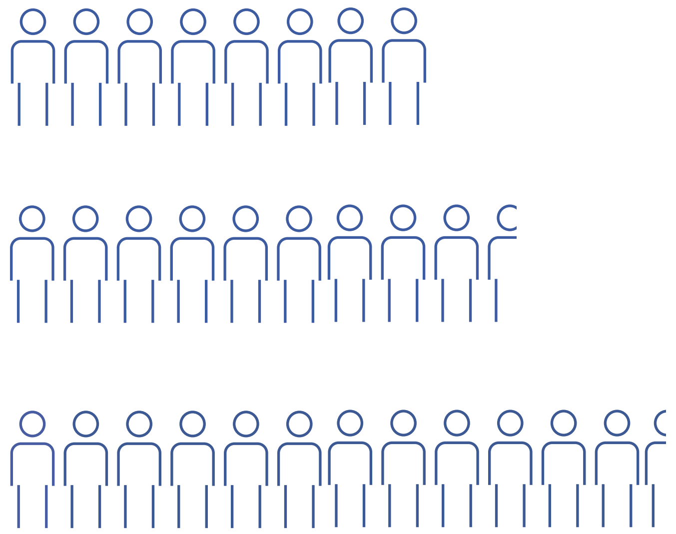


	2019	2020	2021
Scope 1	3%	6%	27%
Scope 2	60%	80%	64%
Scope 3	37%	14%	9%

Factors That Impact Our Emissions



Number of Employees



7,979
Dec. 31, 2020

9,556
Dec. 31, 2021

12,269
Dec. 31, 2022

Internal Corporate Strategy, Including Increasing Transparency for Scope 3 Emissions: Morningstar believes that accurate measurement and reporting of greenhouse gas is crucial to any net-zero transition. We do not currently capture substantial portions of scope 3 emissions, which include indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions. This is because of limited disclosure of scope 1, 2, and 3 emissions data for companies in our supply chain and investment portfolios. As we begin our transition process, we aim to enhance our access to key datasets through supplier engagement, enhanced procurement standards, strategic partnerships, and more. Our efforts to increase data transparency will help better inform our strategy to reduce emissions.

How We Set and Restate Baseline Emissions

As this work develops and the data improves, the firm will reassess its emissions. At the time of writing, Morningstar is working to close existing gaps in our GHG emissions accounting, which exist primarily in our scope 3 emissions. We anticipate that, as more data becomes available to us, we will re-baseline our emissions. We do not believe that current data availability constraints should delay measurement or discourage informed target setting. A base year of 2019 has been selected; this is consistent with industry practices and represents Morningstar's first full year of emissions-reporting data.

Additionally, we plan to re-baseline when our floor area growth exceeds 1.75% per year in alignment with SBTi recommendations. We also plan to re-baseline when we calculate new data on our scope 3 emissions that materially affect the makeup of our carbon emissions disclosures. Any changes to our environmental disclosures will be reflected first within our annual Corporate Sustainability Report.

Climate Transition Plan

As part of the NZFSPA, we aim to support the financial sector's acceleration toward net-zero greenhouse gas emissions. Our first Climate Transition Plan is focused on a key **commitment** from the Alliance's initial goals:

"Address our own operational impacts by setting science-based emissions reduction targets across all operational emissions (Scopes 1 and 2 and, where material, 3) in line with 1.5-degree Celsius emissions pathways. Set interim science-based reduction targets within 12 months of joining for no later than 2030 across all operational emissions."

Morningstar is committed to setting science-based targets to reduce our emissions by 50% without the use of offsets by 2030 and to reaching net-zero emissions by 2050. Where possible, we have set near-term and long-term goals and implemented strategies to meet these obligations. This Climate Transition Plan describes current initiatives, programs, and partnerships that will enable us to decarbonize our operations and value chain. We have also identified areas for further focus and detailed our work with industry peers. The below sections elaborate on how we plan to reduce emissions in each key area of our business operations.

Areas of Focus for Scope Emissions

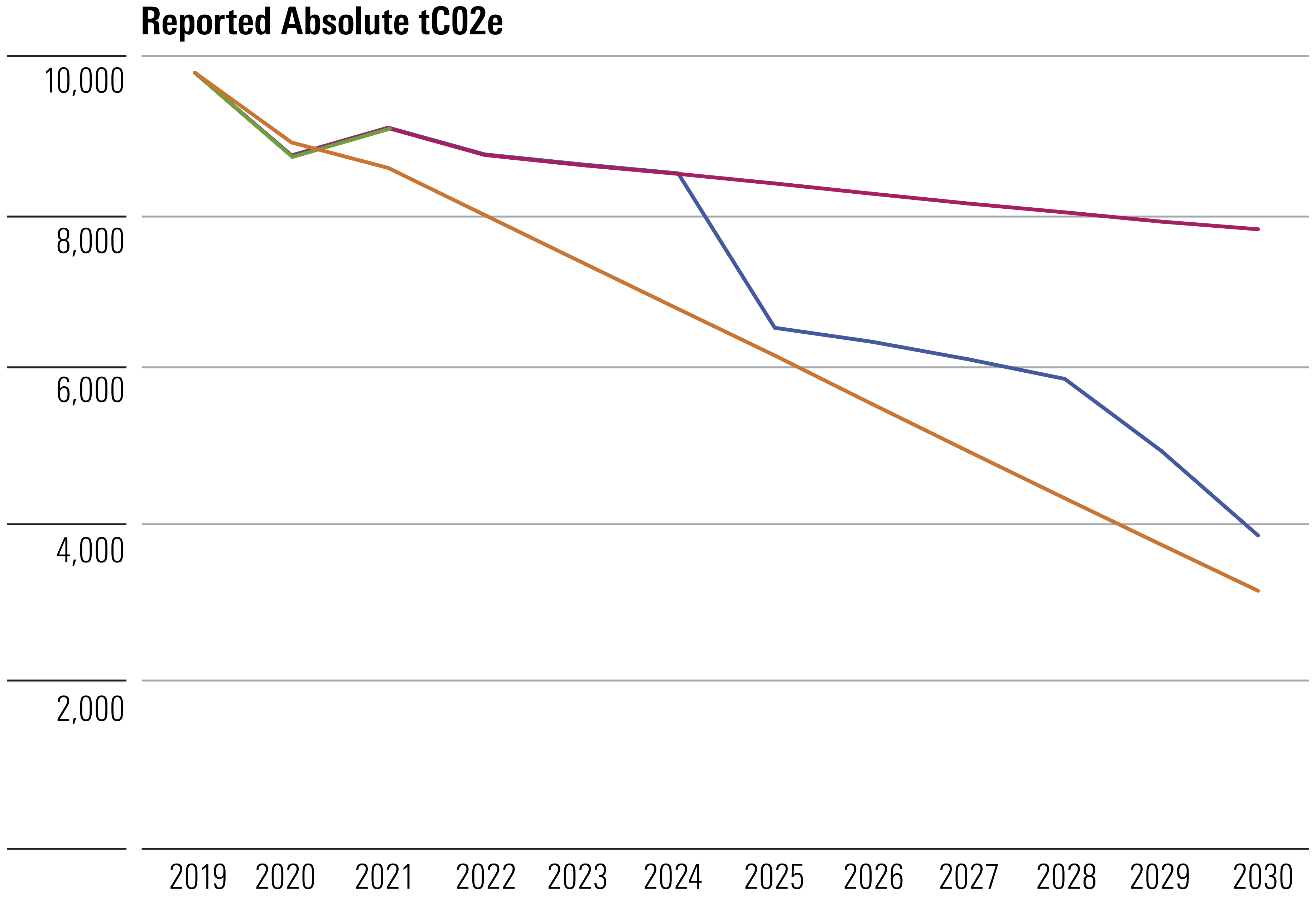
Scope 1	Scope 2	Scope 3
Workplace Facilities	Workplace Facilities Data Centers	Data Centers Supply Chain Business Travel

Workplace Facilities and Data Centers

We define *workplace facilities* as our occupied and leased office space. We define *data centers* as stand-alone buildings or groups of buildings with dedicated space used for computer systems, telecommunications, and associated components but not connected physically to Morningstar facilities. Our targets are set at the enterprise level, and they are set in reference to all available data pertaining to Morningstar's business operations. Our targets are calculated using the SBTi criteria and guidance and have been set using the SBTi-approved calculation methodologies for scope 1 and 2 emissions.

The following graph demonstrates our current projected scope 1 & 2 science-based targets for emissions relating to energy from buildings, shown on an absolute carbon basis using the absolute contraction approach of the SBTi.

Projected Scope 1 & 2 Emissions Targets



Reported Actual
Our emissions from 2019 through 2021 as reported within our annual Corporate Sustainability Report.

Reported BAU
Estimated business-as-usual scenario for Morningstar, which reflects our assumption of some level of systemic support in decarbonization.

Reported Combined Interventions
The predicted effect of our currently planned efforts to decarbonize our measured business operations (scope 1 & 2) footprint.

Reported SDA
Standardized 1.5-degree Celsius sectoral pathway from the SBTi.

Management of Existing Facilities

Morningstar has operations in 29 markets but does not own any real estate. Instead, we lease all our data centers and office buildings, with most of our space in multitenant buildings. Our ability to decarbonize or choose energy-saving measures is therefore constrained by current lease agreements and future availability of low-carbon real estate. When evaluating opportunities for decarbonization, we prioritize renegotiation of leases, opportunities for retrofit, relocation, and procurement.

We work with landlords to reduce emissions through the management and review of contracts on existing assets and the built environment, emphasizing operational performance over planned preventive maintenance, because the largest impact on building energy consumption and emissions sits within the landlord's scope of influence. We will:

- Engage with our landlords on lease renewals, on new leases, and in locations with significant emissions or time remaining on the lease.

- Focus on setting out minimum requirements for energy and carbon that all leases shall comply with, including preferred inclusions and searching for best-in-class net-zero leases.
- Seek out minor retrofits and major refurbishment opportunities in existing offices that are within our operational control.
- Add incentives for energy performance additions that can be included in our contracts.
- Encourage efficient use of electronic and building equipment.

Management and Design of Future Facilities

Our company is growing fast, and our acquisitions are opportunistic in nature. For the purposes of target setting, and in the absence of reliable mid- to long-term floor area growth projections due to potential acquisitions, we have used the SDA average floor area growth rate of 1.75% to predict our own average growth.

The choice of our office locations and buildings has a significant impact on building emissions, and therefore we are focused on the management and design of our future facilities. There are several options that are important to consider for achieving net-zero emissions and carbon reduction targets.

New Locations and Leases

At the end of 2021, 46% of Morningstar leases were located in LEED, BREAMM, or similarly certified buildings, and 42% of employees were based in those locations. For 2022 and beyond, we are revising our real estate selection criteria to further prioritize buildings with sustainability and wellness certifications, decarbonization programs, and landlords with net-zero commitments in place.

To set minimum requirements for all leases, we will:

- Sign climate recitals that frame our relationship to confirm common intention, ambition, and agreement to achieving Paris Agreement-aligned net-zero goals.
- Provide sustainability or environmental policies that include net-zero commitments.
- Provide an assembled package of all relevant environmental information, like details on energy and environmental management undertaken or planned in the building.
- Install submeters in Morningstar-tenanted areas to better monitor electricity usage and collaborate on collection of metered data.

Morningstar will also prioritize any buildings where the landlord has a validated SBTi target aligned with the 1.5-degree Celsius pathway, possesses enhanced efficiency and reporting standards, or procures 100% green electricity via a power purchase agreement with a Renewable Energy Project Developer.

Consolidation of Offices and Remote Work

We are also reviewing the option to consolidate offices as a part of the decarbonization effort. For cities with more than one Morningstar location and comparable energy performance between buildings, consolidating staff in one location would allow us to:

- Take advantage of the most energy- and carbon-efficient buildings among our locations.
- Have greater influence over landlords to adopt decarbonization measures, upgrade, or commit to more sustainable-building offerings.
- Increase utilization of floor area and desk space, as more staff in one location may require less overall energy consumption than two separate locations with same number of staff.

Like other firms in financial services, Morningstar's Workplace Flexibility Program includes the option for hybrid working. Our global workplaces are designed to support formal and informal interactions that help us realize the individual and organizational benefits of collaboration, co-creation, client success, celebration, and career development. Colleagues have the option to work remotely up to two days per week, which in turn enables us to plan around our increasing headcount growth and slow the growth of our real estate portfolio simultaneously.

An Emerging Focus on Renewable Energy

Long-term climate transition planning requires us to move away from fossil fuels. We anticipate some level of systemic support in line with municipal-, regional-, and country-level regulations; transitioning to all-electric offices, when there is a supply of renewables from the grid, will significantly reduce our emissions. Over the long term, we plan to play a part in grid decarbonization by supporting low and zero-carbon energy sources. In 2023, Morningstar's real estate, facilities operations, and workplace design team are exploring a firm-level renewable energy exposure and transition plan. This will include procuring renewable energy, planning on how to offset nonrenewables, and adding emission constraints to purchasing decisions.

Workplace Design

We seek to design a workplace that will minimize greenhouse gas emissions and harness existing site resources. Example projects include increased operational carbon efficiency by adding shading, upgrading building facades, and reducing the use of concrete where the additional embodied carbon produced does not outweigh operational carbon savings.

We will also seek to expand electrification and efficiency by separating ventilation from heating and cooling systems and installing heat pumps when efficient.

Data Center Strategy

Most of our measured scope 2 emissions come from the electricity usage of our data centers. We plan to retire all global data centers by 2025 by migrating all data center resources to the public cloud. Moving to data center cloud computing will reduce our on-site electrical demand and scope 2 emissions as well as allow us to use resources more efficiently. For example, cloud provider **AWS states** that it is 3.6 times more energy efficient than the median of surveyed enterprise data centers in the U.S., up to 5 times more energy-efficient than typical EU enterprise infrastructure, and will be powered with 100% renewable energy by 2025. Although public cloud usage will increase as we migrate workloads to the public cloud and will expand our measured scope 3 emissions as they shift from our scope 2 measurement, the project will overall offer significant emissions reductions because of the efficiency benefits offered by selecting large-scale data centers with commitments to 100% renewable energy.

Business Travel

Like other financial-services firms, Morningstar values our close relationships with clients and partners across the world. Travel has been critical to our ability to serve investors, build our business, and preserve our culture. The COVID-19 pandemic helped expand our understanding of how to maintain those critical aspects of our work while reducing our emissions impact. Our future work includes articulating a plan designed to both reduce business travel and reduce the emissions associated with required travel. We will:

- Reduce internal meetings that require air travel.
- Explore programs, offered by our travel management company providers and built in-house, to provide education and systems that are designed to change behavior and contribute to a less business-travel-intensive client and customer service model. For example, our internal travel policy educates employees by providing suggestions on how to make more-sustainable choices in travel.
- Continue to implement a new travel management system in 2023 to track and enable responsible travel choices across the globe, allowing us to set aggressive reduction targets. These strategies include moving business travel from air to rail where possible and encouraging the use of electric cars. Finally, our work to gather data on new, flexible work policies in the wake of significant shifts to remote work will contribute to planning that allows us to adopt regional targets.

Supply Chain

Like other financial-services providers, measuring, managing, and reducing emissions outside our direct control is critical to our ability to meet our 2030 medium-term goal and to chart progress toward net zero. As we have previously stated, Morningstar is currently unable to calculate our full scope 3 emissions. We are working to bridge this gap in data. Our planned approach includes measurement integration, supplier engagement, enhanced procurement standards, and strategic partnerships. We will:

- Enable our corporate systems to accurately measure the scope emissions of our supply chain.
- Enhance our supply chain standards through the publication of an environmental policy in 2023 and subsequent enhancements of our **Supplier Code of Conduct**.
- Drive behavioral change within the marketplace through our contributions to partnerships like the NZFSPA and Climate Data Steering Committee. See the section below on Developing Industry and Commercial Alignment for further information.

Additionally, we believe in the importance of supplier engagement. We will:

- Encourage our high-spend suppliers to disclose emissions where possible.
- Measure the extent to which our high-spend suppliers have SBTi-aligned net-zero transition commitments or plans and encourage their continued articulation and development.
- Create a system for engagement and review of existing suppliers.
- Create an assessment program that prioritizes sustainability criteria in the selection of potential suppliers.

Carbon Markets and Carbon Removal

Reducing our emissions is critical to the firm's net-zero commitment. Our commitment as a member of the NZFSPA is to reduce 50% of our emissions without the use of offsets by 2030. We intend to offset residual emissions that we cannot eliminate.

We believe that, currently, offsetting residual emissions is most reliably achieved by supporting the development of transparent, efficient carbon markets, the growth of verifiable offsets, and innovative carbon removal technologies. With market partners, Morningstar participates directly in North American regulated cap-and-trade compliance markets, purchasing emissions rights in proportion to our measured carbon emissions. Because the number of permits is capped in North America, this decreases the amount of global carbon dioxide pollution allowed by government regulators. Although Morningstar may invest in offsetting projects in the future, we currently work only in regulated markets that provide transparent pricing. We believe this aligns with our firm's commitment to accessible, market-based solutions and that this approach is consistent with our research orientation and commitment to transparency, particularly in an industry that is undergoing great change and intense scrutiny.

Alignment with net-zero guidance requires not only a deep reduction in global emissions over the next 30 years but also actual negative emissions—that is, removing CO2 that has already been emitted into the atmosphere. Our work in compliance markets is also designed to enable potential investment in CO2-removal technologies. For example, our current partner, **Climate Vault**, supports a team of some of the world's most respected scientists, policy experts, and academics dedicated to advancing carbon removal technologies. The team's role is to identify and assess potential innovations; where it finds innovative technologies, it supports companies working on the removal of CO2 from the atmosphere.

Industry Alignment and Partnerships

Morningstar recognizes that the most significant impact we can have on the sustainability of markets is through our environmental, social, and governance data, tools, services, and research, which support and inform the decisions of global investors of all types. Through our products and services, Morningstar is in a position to help investors facilitate and accelerate greenhouse gas emissions reduction.

Morningstar's partnerships are consistent with our net-zero goals. We support global and regional agreements, including the U.N.-backed Principles for Responsible Investing and the Forum for Sustainable and Responsible Investment. We also partner with organizations like the U.N. Global Compact and support its **10 universal principles**. Additionally, Morningstar is a member of the Climate Data Steering Committee created by the U.N. and French President Emmanuel Macron to ensure open access to key climate data for all audiences. Alongside our peers and nongovernmental organizations, we advise the creation, design, and development of **The Net-Zero Data Public Utility**. The goal in the deployment of this platform is to provide accessible climate data to the public without charge.

As a founding member of the Net Zero Financial Service Providers Alliance, we work with industry peers to develop frameworks for climate-aligned products. The NZFSPA has created industry-specific workstreams that articulate key principles pertaining to product relevance, target setting, and guidance for target setting.

As these frameworks develop, the financial-services sector's net-zero commitment is to integrate them into relevant product development road maps. We plan to prioritize the following aspects to ensure suitable alignment with our net-zero objectives and effective deployment of our products and services: impact on the market; transparency and integrity; data availability; scale; and acceleration.

Our Governance

The use of external measures, clear objectives, and regular disclosure provide clarity to internal stakeholders about Morningstar's transition plan. Additionally, it enables external stakeholders to assess the firm's transition plan and better understand the extent to which climate realities pose risk to the firm's future business.

Our executive leadership team and board provide oversight relating to key aspects of our sustainability strategy and net-zero transition plan.

In 2021, Morningstar enhanced the framework that articulates the global processes by which governance and ethics policies are reviewed, approved, adopted, and implemented. This process allows us to respond more quickly to evolving regulatory and societal shifts. Morningstar's board reviews Morningstar's material enterprisewide policies, including our Code of Ethics. These policies are used to ensure a clear management process for priority issues and communicate Morningstar's values and goals both internally and externally.

Each committee of the board oversees specific components of sustainability. In May 2021, the board updated its committee charters to reflect these areas of focus. Our Audit Committee oversees cybersecurity and ethics; our Compensation Committee guides benefits, pay, and incentive practices; and our Nominating and Corporate Governance Committee reviews compliance and governance. Access Morningstar's Committee Charters **here**.

Disclaimer

This report contains information about Morningstar that may include estimates, projections, and statements relating to our business plans, objectives or expected operating results, and statements regarding corporate responsibility and climate-related plans and goals that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," or the negative of these terms or other comparable terminology. These statements involve known and unknown risks and uncertainties that may cause the events we discuss not to occur or to differ significantly from what we expect. In evaluating these statements, you should consider various factors, including the risks and uncertainties we describe in the "Risk Factors" sections of our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and other reports we file with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, our actual future results and other future events may vary significantly from what we expect.

Readers are cautioned that certain statements relating to climate opportunities and other environmental, social and governance ("ESG") matters, including those herein and others included in Morningstar's sustainability reports or on its websites (such statements, "ESG Statements"), may be based on expectations and assumptions that are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring, and reporting on many ESG matters. The inclusion or absence of information in Morningstar's or its subsidiaries' ESG Statements should not be construed to represent any belief regarding the materiality or financial impact of that information. Given the inherent uncertainty in predicting and modeling future conditions, caution should be exercised when interpreting the information provided.

Morningstar undertakes no obligation to publicly update any forward-looking statements or ESG Statements as a result of new information, future events, or otherwise, except as required by law.

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