



Sustainability

2022

Corporate Sustainability Report

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Introduction

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Evaluating Sustainability at Morningstar

Aligning Our Progress With the Sustainable Development Goals

2022 in Review



A Message From Kunal Kapoor

Dear Colleagues, Board Members, and Stakeholders,

2022 helped Morningstar clarify the importance of sustainability principles in creating a strong, future-focused company. Global firms certainly faced divergent views on sustainability this year: ESG information is viewed as a necessary component of fiduciary duty in Europe. Meanwhile, the debate about ESG's role in the investment decision became more contentious in the United States. It is clear this information is powerful; ESG data enables investors, employees, and business stakeholders to better understand, assess, and scrutinize company and market influence on their environments and communities. These new datasets constitute a big shift for leaders, regulators, policymakers, and the public. Morningstar has experienced similar shifts before, and our history makes us confident that promoting transparency, increasing access to useful data, and empowering choice will support successful outcomes for investors—both now and in the future.

At Morningstar, we believe that transparency sparks progress. This year, we sought to expand transparency into our own strategy and performance, to articulate a firmwide climate transition plan, and to provide decision-critical data to investors and the public. In this report, we reflect on the way in which our work to become leading providers of ESG data, research, and tools is consistent with our nearly 40-year commitment to being a trusted voice for investors and a champion of transparency and accessibility within the industry. In our own management strategy, you'll see us modeling industry-leading disclosure that others can follow and applying the plainspoken language and accessible design that have always made our insights digestible. For example, this year we grew our reporting on our own workforce, releasing racial representation in Canada and gender diversity by functional area.



Increasingly, we are turning our data and research lens on our own practices. In this year's report, readers will find that we've expanded our pay equity assessment to include our PitchBook and Sustainalytics teams, thus including the majority of colleagues across our global business in this analysis. And we've published—again—the dollar amount required to reduce our gender and racial adjusted pay gap. By quantifying and addressing this challenge, we are aiming to attract and retain talent, enable equitable business practices, and build trust with colleagues.

Finally, we're committed to partnering with outside frameworks that scale our efforts and impact the market. With the launch of climate- and impact-focused ratings later this year, our data, research, and tools will help investors meet changing client, regulatory, and policy demands. As part of providing climate products for all investors, we've joined other global data providers to build the Net-Zero Data Public Utility, an open climate data platform for all audiences. We're also aligning firm strategy with climate science. This year, we published our first climate transition plan, outlining steps to halve our

Increasing access to useful data, and empowering choice will support successful outcomes for investors—both now and in the future.

carbon emissions by 2030 and achieve net zero by 2050. Many of our largest clients and shareholders share this commitment to a lower-carbon future; they'll be looking to us for data, research, tools, guidance, and transparency on how to get there.

Morningstar was founded on a belief that democratized access to data leads to better, more informed decisions. It's with this in mind that we apply our own ESG data to our corporate strategy, driving the decisions that will set our firm up for resiliency and ensure we are growing value for our shareholders.

Thank you for your work, your partnership, and your investment.

Sincerely yours,

Kunal Kapoor
Chief Executive Officer



Morningstar's Commitment to Sustainability

At Morningstar, it's our mission to empower investor success. Enabling sustainable investing and creating sustainable business practices are integral to that mission. Our commitment to sustainability shapes efforts across the firm.



Clarifying Sustainable Investing for All Investors

We recognize that the most significant impact our firm can have is through the environmental, social, and governance, or ESG, data, tools, services, and research we make available to investors. Access to ESG information can inform an array of perspectives and enable people to make better-informed decisions for their portfolios and their firms. Morningstar's work makes sustainable investing accessible and personal; it enables investors of all types to understand ESG risks in their investments; it delivers transparency and supports issuers that seek to improve their own firms' sustainability progress. Our aim is to become the leading ESG data and services provider for investors of all types.

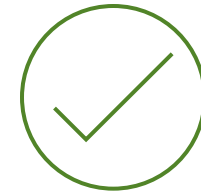


Colleagues in Morningstar's Chicago office participate in a beach cleanup during our 2022 Global Volunteer Week.



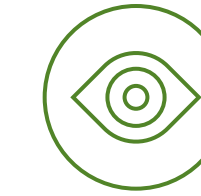
Leading With Transparency

Our approach to sustainability strategy and management is informed by Morningstar's long-standing commitment to transparency. We routinely assess performance across our material ESG issues by engaging with ESG researchers, conducting competitive landscaping, collecting feedback from clients, shareholders, and emerging sustainability standards and frameworks, and staying abreast of the changing global regulatory landscapes. The transparency of our business practices and data reflects our commitment to make information accessible to investors of all types. Our disclosure regularly exceeds comparable company reporting in subjects of pay equity; diversity, equity, and inclusion representation and turnover; and data and information security.



Prioritizing Sustainability

As a global employer, we turn our research lens on ourselves to inform our corporate strategy and position our firm for the future. We use our own data and tools to understand the ESG indicators most material to our business. We publicly commit to, measure, and disclose year-over-year progress on our material ESG issues in order to build a more sustainable business. More details on this process and our material ESG issues can be found in the Evaluating Sustainability at Morningstar section of this report.



Embracing Accountability

Morningstar is committed to shared international goals, frameworks, and standards. In 2022, we prioritized global agreements and partnerships that emphasize accountability for progress on sustainability-related goals and unite our efforts with like-minded firms and organizations. We discuss these partnerships on the next page.



Morningstar's Support for Sustainability Frameworks, Partnerships, and International Agreements

Morningstar supports global and regional agreements pertaining to our business operations, our products, and our impact on people, communities, and the environment. We consider these partnerships crucial to creating sustainable markets and promoting global environmental health, social responsibility, and sound governing practices.

**Net Zero
Financial Service
Providers Alliance**



NZDPU

U.N. Global Compact

As a participant in the United Nations Global Compact, or UNGC, Morningstar supports the [**10 universal principles**](#) to promote progress in society on the topics of human rights, labor, environment, and anticorruption. Participants of the

UNGC commit to advancing goals set forth by the U.N., specifically the [**Sustainable Development Goals**](#), designed to address the world's most crucial challenges relating to the environment, the economy, and society. For further context on the targets and indicators that help set our firm strategy, see the Aligning Progress With the Sustainable Development Goals section of this report.

In 2022, Morningstar submitted our first [**Communication on Progress**](#) through the UNGC's early adopter program, utilizing its new questionnaire functionality to increase transparency and alignment in the expectations set forth by the UNGC.

Net Zero Financial Service Providers Alliance

In late 2021, Morningstar and a group of peers within the financial-services sector announced the launch of the [**Net Zero Financial Service Providers Alliance**](#); as part of the of this alliance, we have committed to the [**U.N. Race to Zero**](#). Morningstar's role in this alliance reflects our

understanding that limiting global emissions requires a whole economy in transition and that systemic change requires ambitious, shared commitments across the financial system.

In early 2023, we published Morningstar's first [**climate transition plan**](#). More information on this plan and on Morningstar's transition to net-zero emissions by 2050 can be found in the Environmental Impact section of this report.

Net-Zero Data Public Utility

In 2022, Morningstar joined 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 on the creation, design, and development of [**The Net-Zero Data Public Utility**](#), which will deliver access to climate data to all audiences for free.



About This Report

In this report, we examine Morningstar's efforts to incorporate sustainability and ESG data across our business and translate our values into core competencies and practices across the firm. We have divided the report into five sections, covering the Morningstar enterprise: **12,224 full-time employees in 32ⁱ markets globally.**

Introduction

This includes discussing our approach to sustainability at the firm; we describe our assessment of material ESG issues in our business and provide a history of our work in this area, addressing key developments in 2022.

Our Product Offerings

This includes examining the most crucial influence we have on the industry, which is through the data, research, and products that we provide to the market. We describe how we build and sell our products and services in a responsible way that strengthens our mission to empower investor success.

People and Workplace

This includes our efforts in employee engagement to foster a community in which talented, driven people can excel. It also highlights our efforts to track our progress in building a diverse and equitable organization and contributing to our community.

Our Governance

This includes how we organize company oversight and how we approach business ethics across the organization.

Business Operations

This includes detailing our data and information security practices, efforts to reduce our climate impact, and management of the sustainability of our supply chain.

Our Sustainability Publications and Reports Portfolio

This report details our overall sustainability approach across the Morningstar enterprise, including PitchBook, Morningstar Sustainalytics, and DBRS Morningstar. As our progress in

sustainability management expands, we are increasing our transparency through additional public reports.

Additional reports in our portfolio are detailed below:

- We publish a Sustainability Accounting Standards Board-aligned report. Morningstar's SASB report discloses sustainability data that the International Financial Reporting Standards sees as material to the financial growth of our business.
- We publish and report on an annual Climate Transition Plan. This plan details a road map and work plan for achieving net-zero total emissions by 2050 and halving emissions by 2030.
- We publish regular thought leadership content and updates on our sustainability strategy efforts on our corporate sustainability digital site; additionally, we publish global sustainability-related policies and guidance for investors, clients, employees, and suppliers on our **Sustainability Policies & Reports Center**.



History of Sustainability at Morningstar





Evaluating Sustainability at Morningstar

Morningstar's materiality framework enables us to prioritize ESG issues that have the potential to impact our business over the long term and to identify those most important to our stakeholders.

To determine our firm's most material issues, Morningstar combines a data-driven approach with the expertise of our own research teams. This allows us to understand the material ESG issues, or MEIs, that could have a significant effect on the enterprise value of the company. MEIs may have an impact on the value drivers, revenue growth, and overall context in which we operate.ⁱⁱ This framework allows our business to build strategies in each area, commit to transparency through reporting and disclosure, and implement time-bound goals.

To determine Morningstar's most relevant MEIs, we conduct an assessment that draws on a range of sources to identify the topics most relevant to our business. We reference the frameworks and research of outside organizations such as the Sustainability Accounting Standards Board, the Global

Reporting Initiative, and dedicated ESG research firms. We leverage internal expertise, partnering with Morningstar's equity research organization and Sustainalytics Research. We identify the ESG issues that matter deeply to Morningstar's stakeholders, including our colleagues, clients, and stakeholders, by conducting interviews, data analysis, and surveys.

We review our materiality assessment regularly, conducting competitive analyses, benchmarking exercises, client inquiry, and policy research and examining emerging sustainability reporting frameworks and employee feedback to determine areas for strategic focus, data disclosure, and programmatic updates. We then work with internal partners throughout the business to implement these changes.

Reviewing Our Materiality Assessment

1 We define key stakeholder groups for Morningstar



2 We measure the areas these groups consider material to Morningstar



3 We consider assessments of Morningstar's material issues from outside ESG research and industry experts

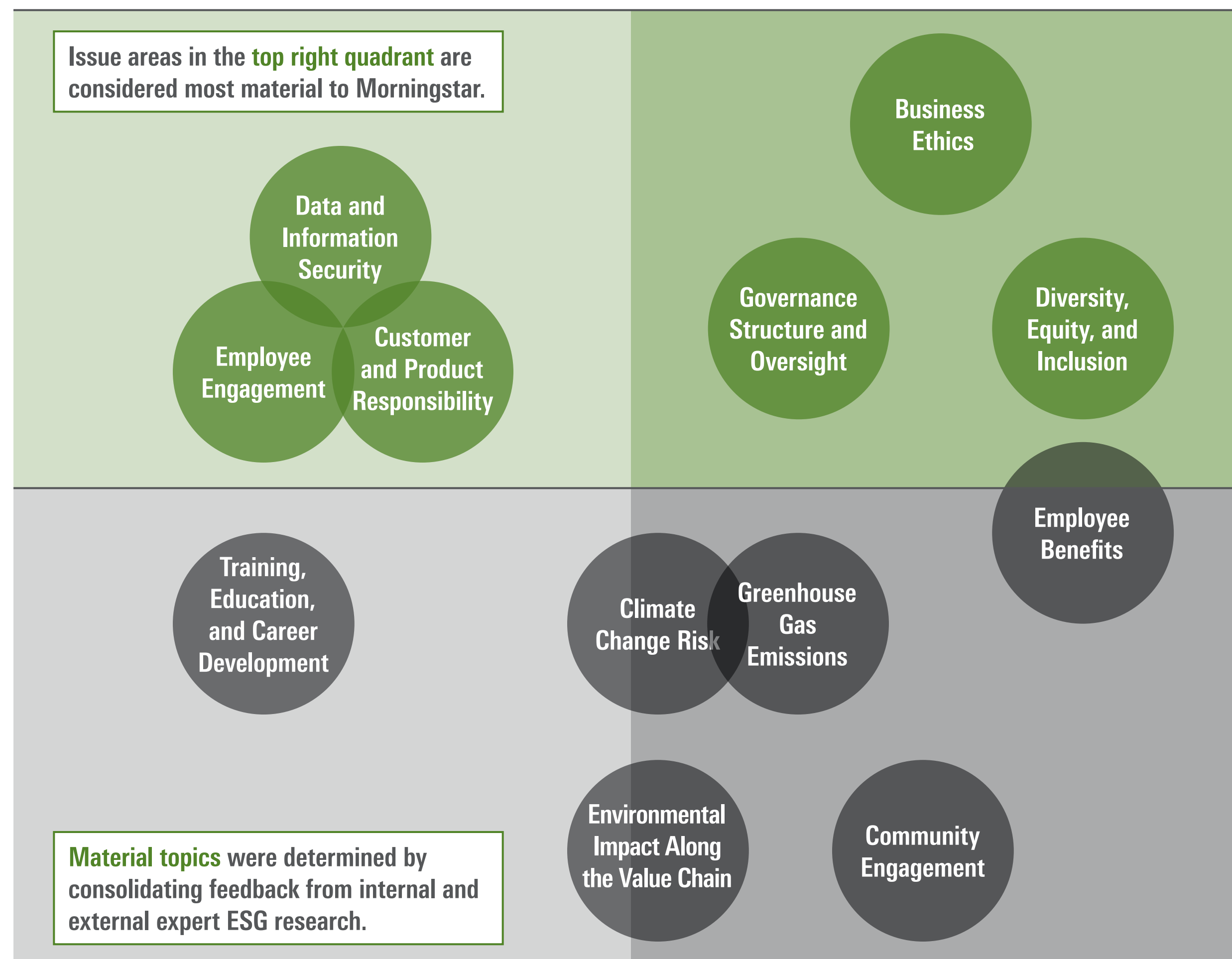


4 We define key areas of focus





- Material topic
- Additional topics prioritized by employees and stakeholders



Significant Business Impact

Moderate Business Impact

Moderate Stakeholder Value

Significant Stakeholder Value

This visual represents our understanding of Morningstar’s current MEIs. A topic 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. The topics of Business Ethics; Diversity, Equity, and Inclusion; and Governance Structure and Oversight are materially significant to Morningstar’s business performance as well as high-priority issues to Morningstar’s stakeholders. Morningstar holds these material issues at the center of our strategic planning. Our intention is to report our progress on a regular basis; we look forward to engaging with our stakeholders on these issues. We invite your feedback at CorporateSustainability@morningstar.com

Business Impact

We believe these material ESG issues are likely to impact our immediate business success & performance.

Stakeholder Value

These additional issues matter deeply to Morningstar colleagues and other stakeholders.



Aligning Progress With the Sustainable Development Goals

In 2015, the United Nations, or U.N., proposed 17 global Sustainable Development Goals, or SDGs, to support sustainable economic, social, and environmental development for the people and planet by 2030. As signatory to the U.N. Global Compact, Morningstar focuses our efforts on select SDGs, prioritizing areas in which we can have the greatest impact:

- ▶ **SDG-5 Gender Equality**
Achieve gender equality and empower all women and girls.
- ▶ **SDG-8 Decent Work and Economic Growth**
Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
- ▶ **SDG-10 Reduced Inequalities**
Reduce inequality within and among countries.
- ▶ **SDG-12 Responsible Consumption and Production**
Ensure sustainable consumption and production patterns.
- ▶ **SDG-13 Climate Action**
Take urgent action to combat climate change and its impacts.

The U.N. Global Compact provides a [**Global Indicator Framework**](#) that provides specific, measurable targets and indicators to determine effective impact. Our current practices, discussed in detail throughout this report, align directly with the select SDGs and Global Indicators. The next two pages detail this analysis.





Sustainable Development Goals Alignment Tracker



Target

5.1

End forms of discrimination against all women and girls everywhere.

Morningstar Alignment

Morningstar delivers transparency for our gender and racial pay examinations and adjusts compensation for those affected. See Page 47 for more details. For our policies on gender equity and equal opportunity, see our Code of Ethics [here](#).



8.3

Promote development oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, etc. promote secure working environments for all workers.

Morningstar promotes secure working environments for all colleagues. For a comprehensive list of our current policies, see [here](#).

8.5

Achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities and equal pay for work of equal value.

Morningstar practices nondiscriminatory hiring policies as outlined in our Code of Ethics and [Human Rights Policy](#). Morningstar conducts biannual gender and racial pay equity analyses to ensure equal pay for equal work.

8.7

Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the elimination of child labor and use of child soldiers, end child labor by 2025.

Morningstar is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business; see our Anti-Slavery and Human Trafficking policy [here](#). Our [Human Rights Policy](#) further enforces expectations that slavery and human trafficking does not exist in our value chain.



10.2

Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic status.

Morningstar empowers colleagues of all social, economic, and political backgrounds through our policies, diversity, equity, and inclusion programs, and through employee community within our Employees Resource Groups. For more information on our ERGs, see Page 34.

10.3

Ensure equal opportunity and reduce inequalities of outcome, eliminate discriminatory laws, policies, and practices and promote legislation polices and actions in this regard.

Morningstar promotes equitable hiring and compensation regardless of employee status and promotes diversity and inclusion throughout our workplace. Suppliers may not make any employment decisions of any kind based on a person's age, race, religion, ethnicity or national origin, sexual orientation, marital status, pregnancy, gender identity and expression, disability, or political affiliation.



Sustainable Development Goals Alignment Tracker



Target

10.5
Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

Morningstar Alignment

Our Policy Research organization regularly represents investors of all types when submitting comment letters to regulators across the globe. We do so by leveraging Morningstar’s data and institutional expertise under the guidance of a Policy Council. Our insights can help inform regulatory and policy decisions that will positively impact investors and their communities.



12.2
Achieve sustainable management and efficient use of natural resources.

Morningstar encourages its global offices to enact sustainable management of resources through waste management policies, water management systems, and composting efforts. We regularly track our global footprint and use our publicly disclosed data to inform decisions on sustainable energy and resource use. For more information, see Page 72.

12.6
Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle.

Our products are designed to help investors, issuers, regulators, and individuals access critical sustainability information. Morningstar Sustainalytics Corporate Solutions helps companies leverage the ESG data, research, and ratings for benchmarking and corporate strategy activities. We also help banks develop sustainable-financing frameworks and structure sustainability-linked lending products. See Page 19 for more details on our product reach.

12.7
Promote public procurement practices that are sustainable, in accordance with national policies and priorities.

Morningstar expects its suppliers to uphold the human rights of their workers and treat them with dignity and respect. Morningstar also believes its suppliers should share its commitment to protect the environment and demonstrate a clear understanding of the environmental risks, impacts, and responsibilities associated with their operations. For more information on our sustainable procurement policies, see [here](#) or go to Page 79.



13.2
Integrate climate change measures into national policies, strategies, and planning

As a signatory to the [Net Zero Financial Service Providers Alliance](#), Morningstar is committed to halving our carbon emissions by 2030 and achieving net zero by 2050. We publish our [Climate Transition Plan](#) and update it on an annual basis. It details our strategic initiatives in transitioning to a low carbon economy. You can find details on page 76.

13.3
Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning

Our membership in the NZFSPA commits Morningstar to outreach and education that is consistent with the best climate science, as articulated on the [alliance's digital properties](#). Our work extends to publicly accessible products, too. For example, Morningstar is a part of the [Climate Data Steering Committee](#), working with a group of peers to create a free and accessible database of company-level climate data.



2022 in Review

In 2022, Morningstar made progress across critical functions pertaining to our products, programs, transparency, and disclosure efforts. Further details appear in corresponding sections of this report.



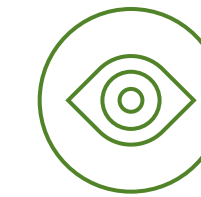
Creating Products That Enable a Sustainable Future

- ▶ Morningstar joined the Net-Zero Data Public Utility steering committee to deliver critical climate data to all individuals free of charge.
- ▶ Morningstar Managed Portfolios launched ESG direct indexing offerings.



Enhancing Morningstar's Enterprise-Level Sustainability

- ▶ We expanded transparency into our firm's compensation practices and reduced our gender and racial pay gap from the 2021 measure.
- ▶ We expanded Morningstar's early career program, the Morningstar Development Program, to New York, Toronto, and Mumbai, significantly increasing the number of participants.
- ▶ We launched Morningstar's first ESG Apprenticeship program for colleagues.
- ▶ We hosted the firm's first Global Volunteer Day across all regions to contribute to local community programs alongside colleagues.



Expanding Transparency

- ▶ We published Morningstar's first climate transition plan, outlining our steps to decarbonize business operations, cut emissions by half in 2030, and achieve net-zero emissions in 2050.
- ▶ We submitted Morningstar's first Communication on Progress for our U.N. Global Compact membership, as a part of its Early Adopter Program.
- ▶ We disclosed diverse representation data by functional area, racial diversity in Canada, and turnover by gender and race in the U.S. market, all in this report.



Awards and Recognition

Investor Focused



Best SPO Provider
The Asset Triple A Sustainable
Capital Markets Country &
Regional Awards



ESG Research Firm of the Year
GlobalCapital European
Securitization Awards



**Best Sustainable Investment
Support Services Provider**
Investment Week



Best ESG Research Provider
A-Team ESG Insight Awards



**Best Second Party
Opinion Provider**
Global Bond Awards



**Largest Verifier for Certified
Climate Bonds**
Fifth Consecutive Year

Business Operations & Workplace Focused



Great Place to Work Certified
USA 2022



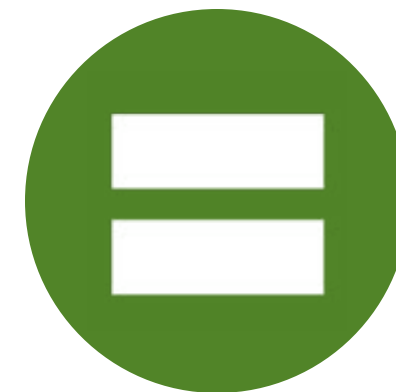
Great Place to Work Certified
India 2022



Great Place to Work Certified
Canada 2022



**Best 50 Companies
to Work For Women**
India 2022



Best Place to Work
Human Rights Campaign



**Bloomberg Gender
Equality Index**
2022



**India Workplace
Equality Index**
2022



Our Product Offerings

- Our Sustainable-Investing Offerings
- Customer and Product Responsibility

- Material topic
 - Additional topics prioritized by employees and stakeholders



Our Product Offerings

Since our founding, Morningstar has provided transparent, easily understood data, research, and ratings systems. Today, we lead the marketplace in global ESG data coverage and sustainability research across securities and asset classes. Our reach to a wide range of global audiences means that the primary contribution Morningstar makes to the sustainability of global markets is ensuring that the role of ESG in investment decisions is transparent, coherent, and accessible.

Addressing Our Products' Risks and Opportunities

Our efforts in this area are focused on creating differentiated, innovative, and insightful products that clearly convey complex investment information to investors of all types. We recognize the importance of delivering high-quality data, research, tools, and services to support investors and clients in a quickly changing environment.

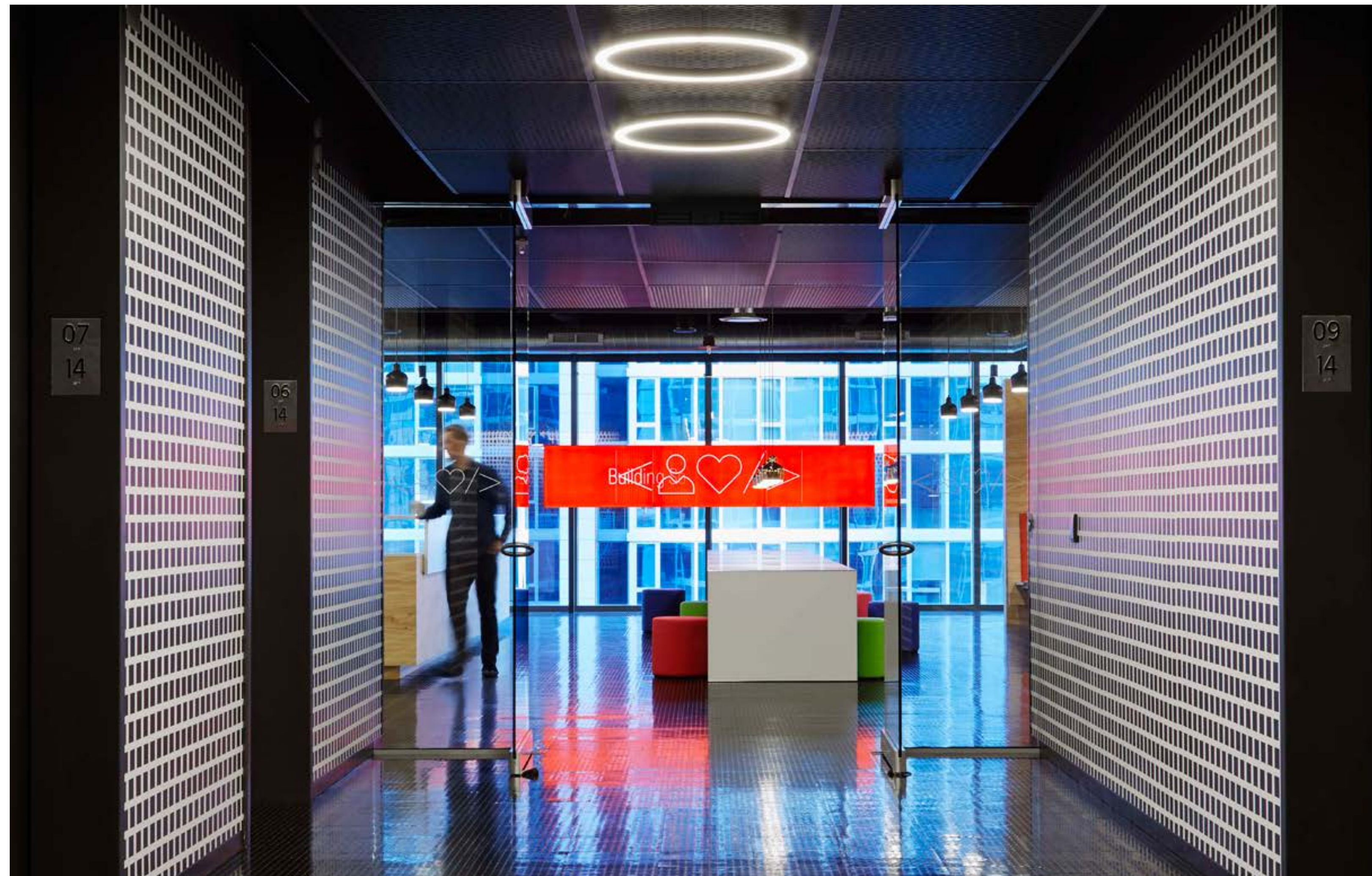


Our Sustainable-Investing Offerings

This is a material topic for Morningstar

At Morningstar, we provide ESG data, research, products, and services that investors can use to make informed decisions. We seek to deliver independent, sustainable-investing analytics across asset classes, from a single security to a portfolio view. Enabling transparency of ESG data and creating accessible, decision-useful products for investors of all types are material contributions we make to the marketplace.

SDG Areas



Design Architect: Perkins+Will | Photography: Steve Hall © Hedrich Blessing Photographers.



Morningstar's Work in Sustainable Investing

We achieve our mission—empowering investor success—through independence, transparency, and a long-term view. These principles inform our commitment to data-driven research and shape the tools and insights we deliver, which support investors seeking to save money, access the market, and plan for the future.

A growing population of potential investors cares deeply about aligning their money with their values and their understanding of the future. The sustainable-investing ecosystem provides investors with the resources to assess how companies and funds are prioritizing sustainability outcomes, managing and mitigating material ESG risk, and incorporating new information, data, and research into their processes.

As the sustainable-investing landscape matures, we're expanding our offerings, providing more data on a greater number of firms, broadening our ESG research and methodologies to incorporate emerging areas, enhancing our ratings, and adding frameworks for the understanding of an area that is complex and still evolving. Our growing

▮▮ This language of ESG is a way to change that conversation and have connectivity through generations. ▮▮

— Kunal Kapoor, Morningstar CEO in [an interview with ESG Clarity](#).

portfolio of ESG services provides tools for corporate issuers that seek to enhance sustainable practices within their own organizations, and our data and independent research provide a comprehensive resource for regulators and specialists who need to understand the industry in a rapidly changing environment.

Morningstar Sustainability Ratings and Designations

Sustainability Rating



Low Carbon Risk Designation





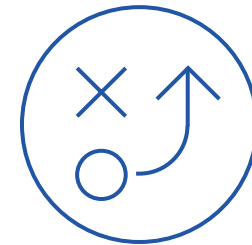
Morningstar Serves a Range of Sustainable-Investing Outcomes



Manage Compliance

Comply With Emerging Regulations

Morningstar Sustainalytics offers products, such as our European Union Taxonomy solution, that enable investors to respond to emerging regulations surrounding sustainability reporting.



Manage Risk

Measure and Limit Potential ESG Risk

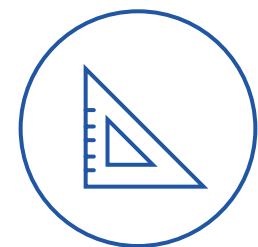
Our core ESG data offerings, the ESG Risk Rating and Sustainability Rating for Funds, analyze the potential sustainability risk that a portfolio may be exposed to and how well they are managing these risks, across security levels.



Find Intentional Strategies

Understand Investment Strategy

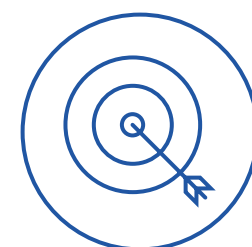
Our Sustainable Attributes data allows investors to find funds that express an explicit commitment to sustainability or exclusionary practices, as stated in a fund's prospectus or other filings.



Align With Values

Personalize Portfolios and Apply Exclusions

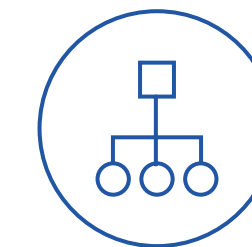
Values-based investors seek to limit their exposure to controversial areas, like animal testing or controversial weapons. We provide product involvement data that analyzes the percentage of revenue derived from controversial areas for companies and portfolios, allowing investors to limit their exposure as desired.



Target Themes

Target Specific Themes and Opportunities

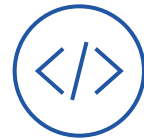
Investors increasingly seek investment in securities that seek positive outcomes across various areas they care deeply about and understand the practices of firms that may provide opportunity in emerging areas of focus, like climate or human capital. For example, our Impact data allows investors to understand whether a company derives a portion of revenue from practices that support themes like human development.



Assess Stewardship

Understand Ownership Practices

Financial professionals are increasingly interested in the actions taken by fund managers by voting at annual shareholder meetings, and these proposals increasingly are ESG topics. Our active ownership data allows investors to understand if their sustainability funds are voting assets under management on sustainability issues and whether a non-ESG fund is advancing other resolutions.



ESG Offerings for All Audiences

Individual Investors	Wealth and Advisory Professionals	Asset Managers	Asset Owners	Private Market Participants	Companies Across All Sectors
					
We provide ESG research, ratings, data, and tools on our global digital sites with over 2.1M users visiting our US site on a monthly basis and 120 ESG-focused articles published in 2022.	We build software, reports, tools, and educational offerings to help advisors and wealth professionals serve clients, link investor preferences to investment strategies, and help detail the scope of ESG risk in their portfolios. These parties can access this data and capabilities in Morningstar Advisor Workstation.	Morningstar’s ESG data and product offerings serve asset managers' needs to track investments, build portfolios, and market their offerings. Asset managers use Morningstar’s flagship software product, Morningstar Direct, to access all ESG data.	We provide institutional-quality issuer-level ESG, carbon, climate, impact, and controversy data, enabling a wide range of investment approaches, including engagement strategies.	We track private companies, funds, and investors, including those involved in impact investing. We provide frameworks for impact identification in private market investments and impact fund managers’ investment strategies.	We help corporate issuers build sustainability strategies, raise capital linked to ESG performance improvement, and benchmark against peers. Our workplace and investment management division provides ESG-focused employer plans and support for company decision makers and employee investment plans.

How Audiences Are Using Our Data, Research, and Tools in 2022

760K

Visitors to the security-level sustainability module on Morningstar.com, a 209% increase.

28%

Users created Direct investment searches filtering for ESG criteria.

36%

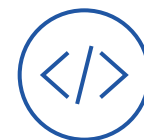
Users created Direct Presentation Studio reports that included ESG data.

234

Second-party opinions for debt offerings reviewed.

\$19B

Assets in funds that track a Morningstar ESG index. Morningstar builds a range of equity, fixed-income, and multi-asset ESG indexes to serve the needs of investors, advisors, asset managers, and asset owners.



Serving the Sustainability Needs of Individual Investors

Sustainability Goal

Purpose

This is not an exhaustive list of all ESG workflow opportunities for individual investors

Product, Tools, and Services

Data & Ratings



Manage Compliance



Manage Risk

Understand if a fund in their portfolio is managing its ESG risk.



Sustainability tab on a Security's Page



Sustainability Rating for Funds



Find Intentional Strategies

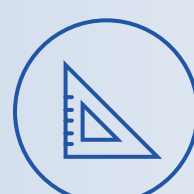
Identify funds that express an explicit commitment to integrating sustainability considerations into the investment process.



Morningstar's ESG Screener



Sustainable Attributes Data



Align With Values

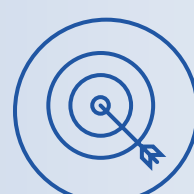
Analyze whether a fund has involvement in controversial topics that don't align with their values, such as animal testing.



Sustainability tab on a Security's Page



Product Involvement Data



Target Themes

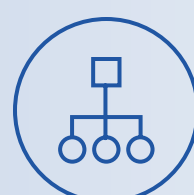
Understand if a fund has limited carbon risk and fossil fuel exposure.



Sustainability tab on a Security's Page



Low Carbon Designation



Assess Stewardship

Evaluate a fund's support for management and shareholder resolutions across its holdings over time.



People tab on a Security's Page



Proxy-Voting Data



Serving the Sustainability Needs of Asset Managers

Sustainability Goal

Purpose

This is not an exhaustive list of all ESG workflow opportunities for asset managers

Product, Tools, and Services

Data & Ratings



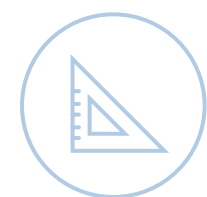
Manage Compliance



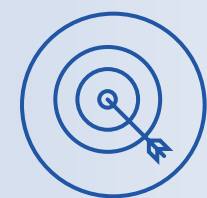
Manage Risk



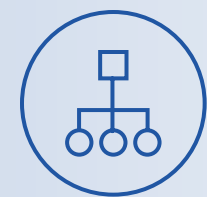
Find Intentional Strategies



Align With Values



Target Themes



Assess Stewardship

Ensure portfolio compliance with Sustainable Finance Disclosure Regulation. Consider the principal adverse impacts of holdings.

Benchmark performance of sustainable investing, build ESG passive investments.

Understand ESG performance to build a portfolio with sustainability considerations.

Communicate and engage with clients on the sustainability of your investments.

Identify companies misaligned with net-zero objectives to manage associated financial impact. Seeking to build a portfolio ready for a transition to a low carbon economy.

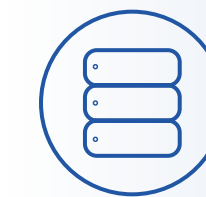
Track annual general meetings for holdings, assess resolutions, and understand voting recommendations based on my desired outcome.



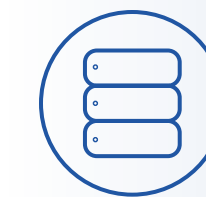
Morningstar Direct



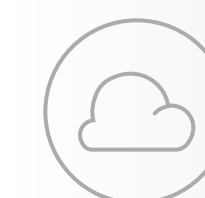
Morningstar Indexes



Morningstar Essentials



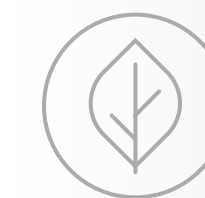
Sustainalytics Global Access



PAIs Data Solution



ESG Risk Rating



Sustainable Attributes Data



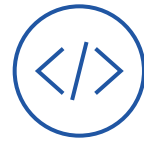
Sustainability Rating for Funds



Low Carbon Transition Rating



ESG Voting Policy Overlay



2022 Enhancements to Our Offerings

Morningstar Managed Portfolios Launches ESG Direct Indexing Portfolios

Investors and financial professionals are increasingly seeking personalization within their portfolios. In 2022, Morningstar Wealth launched direct indexing, allowing investors to build a portfolio that owns all or a portion of securities that make up a benchmark index. Using Morningstar Sustainalytics data, investors can align their portfolios with their personal values by, for example, enhancing their exposure to firms with particularly strong governance practices or by limiting their exposure to firms involved in areas they seek to avoid. The sustainability indexes currently offered via direct indexing include Morningstar U.S. Sustainability Dividend Yield Focus, Morningstar U.S. Sustainability Moat Focus, and Morningstar Women's Empowerment indexes. Learn more [here](#).

Enhancing the Tools for Measuring Impact

A new iteration of the [Impact Metrics](#) launched in 2022 to help investors understand how their investments can contribute to positive environmental and social impact. Our Impact Metrics follow a framework with six themes that

align to one or more SDGs. This new research analyzes an organization's activities and its sustainability characteristics and provides more granular, structured, and value-chain-based insights, aligned well with emerging best practices for analyzing a company's impact.

Launching New Climate-Risk Data, Tools, and Offerings

The investment community is grappling with the effects of climate change on investment portfolios, business risk, markets, and communities. In 2022, Morningstar Sustainalytics launched the [Physical Climate Risk Metrics](#) to empower financial institutions with risk identification and support them in responding to evolving climate reporting requirements. To further expand the impact of the [Carbon Emissions Data](#), Morningstar Sustainalytics launched the Emissions Portfolio Report, which includes an analysis of a portfolio's scope 1, 2, and 3 carbon intensity and a carbon footprint analysis.

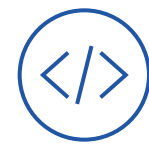
Creating a Hub for Sustainability

Morningstar Direct introduced a new Sustainability Hub for users to access everything ESG-related. Users can find the latest ESG research, leverage the Morningstar

Sustainable-Investing Framework to guide them toward a framework for incorporating ESG into investment processes, find helpful educational pieces and news articles, and explore our data, ratings, and launches. This hub simplifies users' workflows within Morningstar Direct for ESG analysis and reporting.

Supporting Investors During Periods of Volatility

As an advocate for investors, we focus on maintaining a thoughtful, research-driven approach to our clients' needs in all environments. No matter the circumstances, we seek to provide an independent, jargon- and alarm-free voice for long-term investing approaches. Following the invasion of Ukraine in 2022, our teams delivered data, research, analysis, and portfolio tools to help investors understand the risks and effects of the crisis and we continue to publish research on the conflict and its effects. Clients are able to view deep-dive content on energy risks, the automotive industry response, the global food supply, and more in the [Morningstar Sustainalytics Resource Center](#). And our research and editorial teams continue to cover the Ukraine/Russia conflict and its associated impacts on the global economy on Morningstar.com.



Customer and Product Responsibility

This is a material topic for Morningstar

Since our founding in 1984, investors and financial professionals have relied on Morningstar's commitment to independent research and ratings. We engage in responsible research practices that are built to be unbiased, transparent, and accessible for all types of investors.

SDG Areas



Morningstar Headquarters, 22 W Washington, Chicago, IL.



Research Independence

Morningstar's trusted data, research, and ratings underpin our products. For nearly 40 years, we have expanded our data and tools coverage from managed products to a range of assets across the private and public markets. Our Morningstar Research analysts support research and analysis pertaining to mutual funds, exchange-traded funds, separate accounts, collective investment trusts, and public equities. Their work includes qualitative, forward-looking Morningstar Analyst Ratings™ as well as the Morningstar Rating for stocks.

Morningstar's research is independent and objective. To help maintain the integrity of investment research, there is a strict separation between research professionals in the Morningstar Research department and the company's sales activities. Sales professionals at Morningstar may not contact individual analysts directly and are prohibited from applying explicit or implied pressure to influence or change research opinions. Morningstar's commercial clients are not given preferential access to analysts, and sales professionals are prohibited from setting up meetings between fund analysts and commercial clients or prospects.

Responsibility in Ratings

The Morningstar Ratings Council oversees the development and enhancement of our ratings. Consisting of senior research leaders and chaired by the chief ratings officer, the Ratings Council provides guidelines and standards for ensuring the integrity, efficacy, and usability of Morningstar ratingsⁱⁱⁱ. The Ratings Council also performs a quality control function, reviewing any errors, complaints, or questions about ratings.

Our research analysts assign ratings based on transparent criteria and report on the performance of our ratings systems so anyone can understand how we arrived at our conclusions and whether they were right over time. This transparency invites scrutiny and produces stronger outcomes.

To avoid conflicts of interest, Morningstar prohibits manager research analysts from directly owning the stock in publicly traded companies that offer managed-investment products such as mutual funds. It also prohibits stock and corporate credit analysts from holding positions in any company they cover or any of that company's close competitors. To ensure that customers are the first to benefit from Morningstar's research, Morningstar restricts analysts'

Morningstar Research and Ratings

Morningstar Rating™



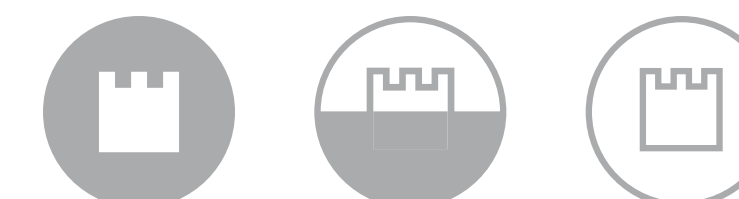
Morningstar Analyst Rating™

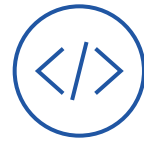


Morningstar Style Box™



Morningstar Economic Moat Rating





ability to buy or sell securities where analysts are commencing coverage or in the process of updating their analysis. This restriction, which also applies to analysts' immediate family members, remains in place until two business days after Morningstar publishes the research.

Beyond functional separation, Morningstar employs various processes and mechanisms to preserve the integrity of its research and ratings. Morningstar Research Services, a separate legal entity, is governed by an integrity policy, Code of Ethics, and additional rules and regulations specific to its designation as a Registered Investment Advisor. In addition to policy oversight, Morningstar Research Services provides safeguards against undue influence through the use of its control procedures, ratings committees, team structure, and editing processes. Morningstar Research Services will not enter into any issuer-paid arrangements to provide universally distributed research.

As we grow, we seek to apply the same framework to new and acquired research processes. We take these considerations just as seriously when it comes to ESG research and ratings. Morningstar Sustainalytics is

committed to ESG research and ratings that provide investors a framework to evaluate financially material ESG issues that affect the long-term performance of their investments.

As is with Morningstar, Morningstar Sustainalytics is governed by Morningstar's Code of Ethics, which is discussed in detail in the Business Ethics section of this report. Morningstar Sustainalytics research personnel are prohibited from holding positions in any company they perform research on or for which they have access to material nonpublic information. Morningstar Sustainalytics requires research personnel to obtain prior approval before investing in initial public offerings, private placements, or other limited offerings concerning companies that are researched by Morningstar Sustainalytics. In keeping with our commitment to integrity and transparency, Morningstar Sustainalytics uses a combination of conflict management policies and procedures and organizational and technical measures designed to ensure that potential conflicts of interest do not become actual conflicts. In 2022, senior research leaders reviewed and enhanced Morningstar Sustainalytics' corporate policies, including making updates to Morningstar Sustainalytics' conflicts of interest policy that more closely

align with Morningstar's policies. Delivered by a separate and distinct team, Morningstar Sustainalytics' Sustainable Corporate Solutions offers ESG-related products and services to banks, underwriting firms, public and private companies, and other related organizations. Second-party opinions offered by this team support sustainable finance and lending through an issuer-paid model. In addition, Sustainalytics Engagement Services help investors manage reputational risk and increase corporate accountability through proactive, professional, and constructive engagement. These engagement services supplement investors' own stewardship efforts and provide a holistic approach to consider material ESG topics. These separate teams operate under governance structures designed to promote the independence and integrity of these offerings.

Morningstar's principles of independence, transparency, and long-term thinking are central to our mission of empowering investor success. Where appropriate, we engage in public discussions of key aspects of our research and methodology.

For example, in 2021, we formed a working group to oversee an investigation of alleged bias in Morningstar Sustainalytics



methodologies against companies operating in Israel. In October 2021, the working group engaged the outside law firm White & Case LLP to conduct a thorough investigation. [Morningstar made public](#) the final report in June 2022.

The report found no evidence of pervasive or systematic bias against companies in Israel and no evidence that Sustainalytics products recommended or encouraged divestment from Israeli companies. The investigation recommended changes to key business processes, each of which we are in the process of implementing, among additional measures. See a report on our progress [here](#).

Using Morningstar Design to Deliver Universally Accessible Experiences

Morningstar aims to create products that are accessible for all. To deliver high-quality, cohesive experiences, Morningstar's Design System includes guidance, patterns, and components built in adherence to the W3C Web Content Accessibility Guidelines (WCAG 2.0). These tools aid our designers and engineers in the craft and creation of content that allows people with diverse

abilities to access, navigate, and use Morningstar products to their fullest potential.

Looking forward, Morningstar's accessibility effort is focused on helping designers better communicate accessibility requirements in the design specifications that they hand off to their engineering partners. By building a shared language around accessibility, product, design, and technology, we can collaborate faster and better meet the needs of all users. More on accessibility within the Morningstar Design System can be found [here](#).



People and Workplace

- Employee Engagement
- Employee Benefits
- Diversity, Equity, and Inclusion
- Training, Education, and Career Development
- Community Engagement

- Material topic
 - Additional topics prioritized by employees and stakeholders



People and Workplace

At Morningstar, our people are our most important asset. From recruitment to retirement, we're committed to fostering an environment where the people who power our mission excel.

Addressing Our People and Workplace Risks and Opportunities

We strive to build a high-performance workplace in which our colleagues thrive; to reduce risk associated with human capital and the management of skilled labor through retention and recruitment programs; and to create strong, fulfilling careers that engage employees and contribute to our company's growth and resilience.



Employee Engagement

This is a material topic for Morningstar

We regularly measure our colleagues' commitment and satisfaction via a range of employee engagement metrics to understand and improve the experience of a career at Morningstar. We believe that offering comprehensive employee benefits; implementing leading diversity, equity, and inclusion practices; supporting training, education, and career development opportunities; and encouraging community engagement initiatives contribute to a positive employee experience.

SDG Areas



Colleagues take a selfie with CEO, Kunal Kapoor.



Key Global Engagement Offerings

Morningstar provides a range of programs and offerings that support our mission-driven culture and contribute to a compelling employee experience.

Employee Resource Groups

Our Employee Resource Groups, or ERGs, are employee led organizations designed to support our colleagues globally. Each ERG is provided with funding to develop programming most relevant to its employee participants, and each year an active member of each ERG is given an award for advancing the unique mission, goals, and values of the group.

Employee Listening and Sensing Streams

In recent years, we’ve built robust feedback mechanisms to measure employee engagement, including measurements of satisfaction, intent to stay, discretionary effort, and employee enablement. We do so through quarterly surveys, exit surveys, third-party surveys, in-person and digital focus groups, and tracking of turnover and advancement data.

<div>EST. 2018</div> <div><div>ally</div><div>Morningstar Allies</div></div>	<div>EST. 2021</div> <div><div>apia</div><div>Morningstar Asian Pacific Islander Alliance</div></div>	<div>EST. 2018</div> <div><div>bca</div><div>Morningstar Black, Caribbean, & African Network</div></div>
<div>EST. 2022</div> <div><div>early</div><div>Morningstar Equity Among Rising Leaders</div></div>	<div>EST. 2018</div> <div><div>jai ho</div><div>Morningstar Indian Affinity</div></div>	<div>EST. 2020</div> <div><div>learn</div><div>Morningstar Learning & Living Diversely</div></div>
<div>EST. 2019</div> <div><div>m*i</div><div>Morningstar Innovators</div></div>	<div>EST. 2015</div> <div><div>o@m</div><div>Out at Morningstar</div></div>	<div>EST. 2020</div> <div><div>sun</div><div>Morningstar Sustainability Network</div></div>
<div>EST. 2017</div> <div><div>viva</div><div>Morningstar Latinx & Hispanic Community</div></div>	<div>EST. 2008</div> <div><div>win</div><div>Morningstar Women's Initiative</div></div>	<div>EST. 2014</div> <div><div>wit</div><div>Morningstar Women In Technology</div></div>



Shared Ownership

This employee equity program provides the opportunity for colleagues to establish ownership in Morningstar by electing a portion of their annual cash bonus (or commission payout) in Morningstar stock while benefiting from an additional company match of 50%.

Rewarding Performance

Morningstar has a number of award programs designed to recognize outstanding performance across a wide range of factors. Examples include:

► *Impact Awards*

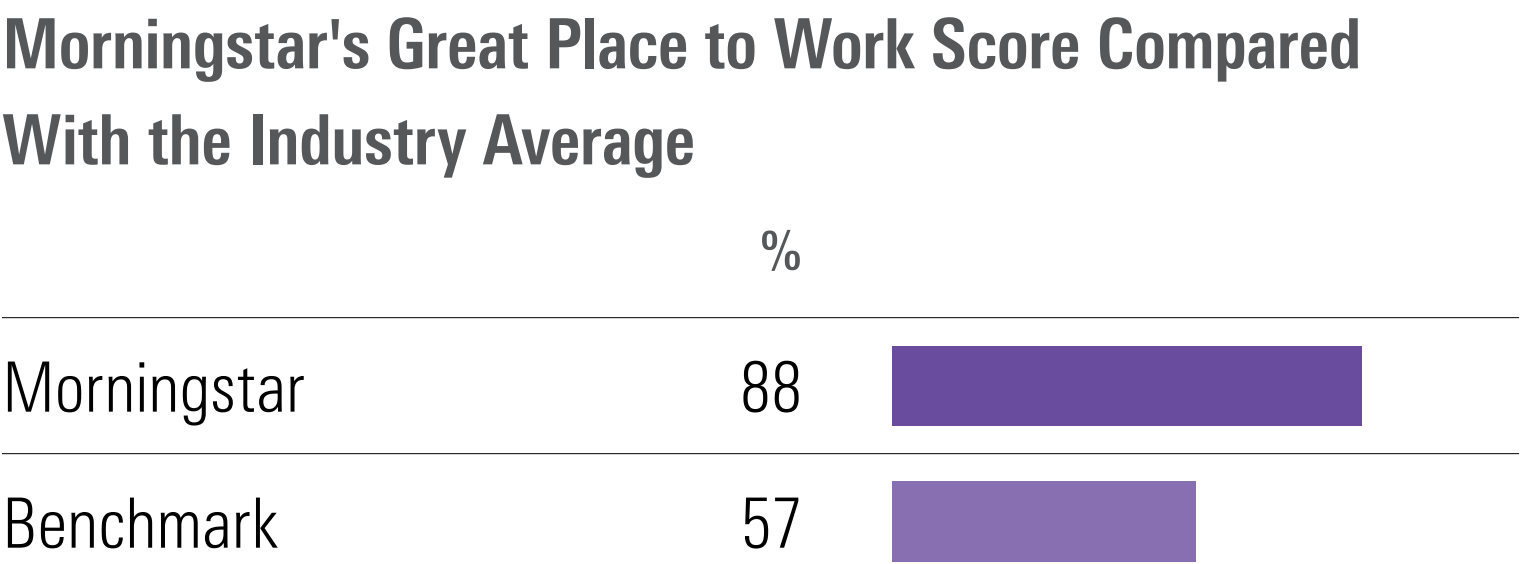
Morningstar awards Restricted Stock Units biannually to colleagues who go above and beyond to deliver exceptional outcomes.

► *Global Values Awards*

This biannual award recognizes employees who show exceptional commitment to one or more of the seven Morningstar values foundational to our company. Colleagues are nominated by peers for the award, then selected by our senior leadership team.

► *Empowering Investor Success Awards*

Recipients of Global Values Awards are eligible for the Empowering Investor Success award, and winners are announced at the annual Morningstar Company Meeting. Recipients receive a Restricted Stock Unit award and an invitation to attend the Morningstar Offsite for Annual Tactics and Strategy, the firm’s strategy meeting for corporate leaders.





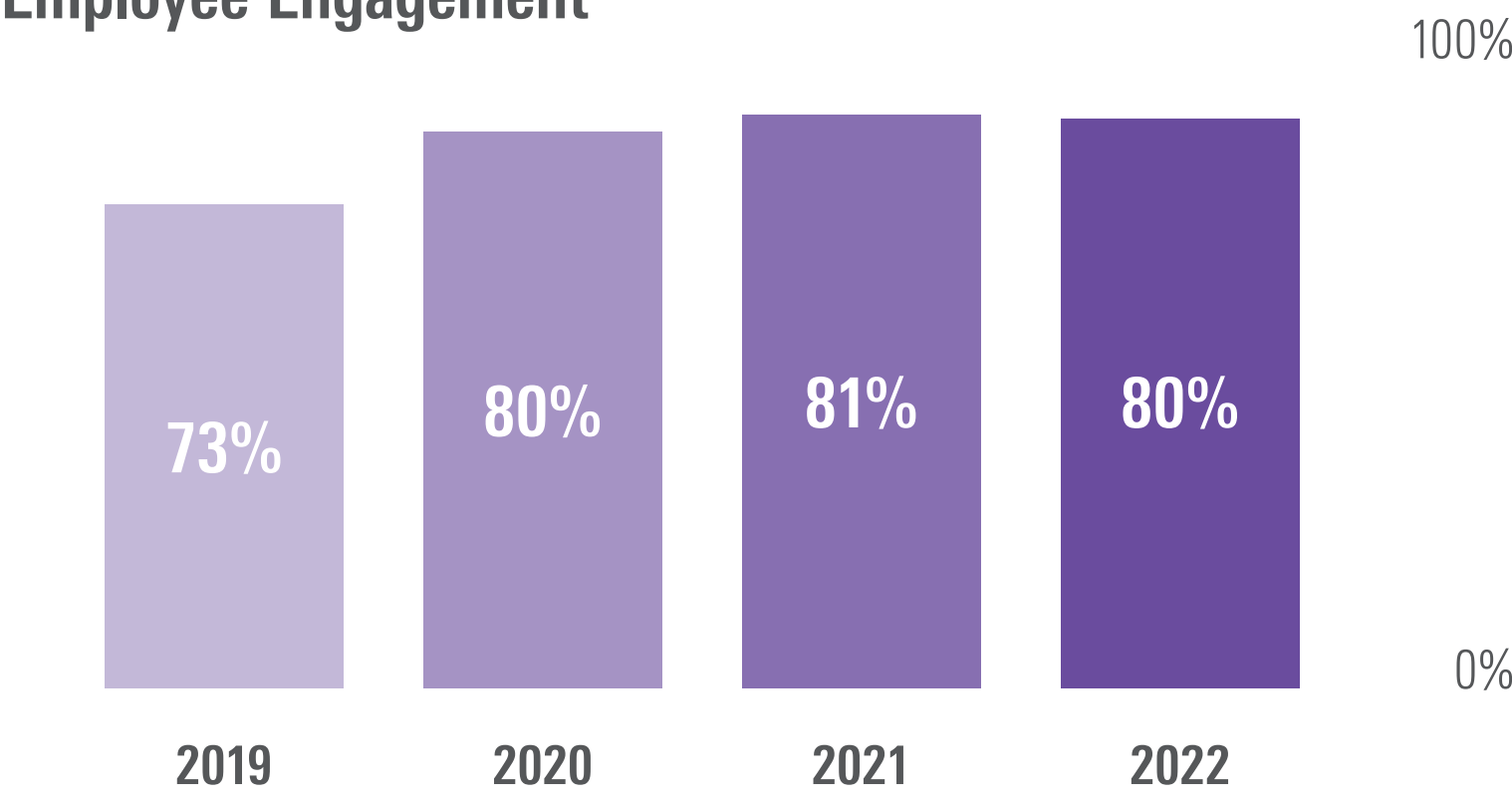
Employee Engagement in 2022

Employee feedback mechanisms provide quantitative and qualitative insights into the overall experience at Morningstar and the factors that drive engagement over time. According to our internal quarterly measure in December 2022, Morningstar’s most recent engagement score was 80%ⁱⁱⁱ, and we are pleased with this sustained, high measure. Our quarterly “Pulse Survey” data also signals high degrees of engagement and psychological safety at work.

Morningstar participates in the Great Place to Work Institute’s Great Place to Work Certification Program, which provides an independent measure of company culture and employee engagement. Its 2022 GPTW index indicates the average GPTW score in the United States is 57; Morningstar’s most recent score is 88. Morningstar’s score increased seven points since 2020. Other external assessments of our employee practices signal positive results as well. In 2022, Morningstar received a perfect 100 score from the Human Rights Campaign.

Although still higher than prepandemic and pandemic levels, in 2022, our overall employee turnover rate experienced no

Employee Engagement



notable change from 2021 levels (18.9% in 2022 versus 18.5% in 2021). Of our total turnover, 15.8% was voluntary. In 2021, turnover across regions was relatively consistent, and while we’ve seen turnover abate in most regions in the second half of 2022, turnover in India remains well above other regions and is currently driving up our global rate.

Additionally, there is no material difference in total turnover for men and women in our employee population. However, our U.S. underrepresented minority turnover was 17.4%, slightly elevated compared with an overall U.S. employee turnover rate of 16.2%.

Male vs. Female Turnover

Gender	%	
Male	18.8	
Female	18.6	

Underrepresented Minority vs. Non-Underrepresented Minority Turnover (U.S.)

	%	
Underrepresented Minority	17.4	
Non-Underrepresented Minority	15.8	

Total Turnover	18.9
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Supporting Colleagues and Communities Affected by the Crisis in Ukraine

Our firm continues to monitor the ongoing conflict in Ukraine and is committed to supporting our colleagues and the broader communities affected by this crisis. Morningstar built a Ukraine Crisis Hub for all employees to access information, contacts, and opportunities to provide support. For example, we expanded our crisis leave policy to employees who are directly affected or have family members who are affected by the conflict. We also expanded our volunteer time-off policy to five days to support those who work on Ukraine relief efforts. Morningstar's Poland and Romania regions championed numerous community efforts including employee-conducted "border runs" that delivered supplies at the Ukraine-Poland border. They worked in supply chain hubs for Ukrainian refugees, and a collection point for supplies was even housed in the Morningstar Poland office.

Programmatic Changes

In September 2022, Morningstar adopted a hybrid working policy that allowed for working remotely, on average, one or two days per week. While we believe in the importance of

face-to-face interaction and collaboration facilitated in an office environment, we also acknowledge the evolving needs of today's workforce, and we support personal flexibility and trust in how and where one accomplishes their work.

In our most recent employee survey, 80% of colleagues responded that they're satisfied or very satisfied with the way their team is currently handling work location and schedule-flexibility options.



Employee Benefits

This topic is prioritized by our employees and stakeholders

Morningstar's efforts to reward and support our colleagues reflect our belief that people are central to our success. We offer a variety of benefits through a "total health" framework that supports the financial, physical, emotional, and social well-being of our colleagues.



Morningstar Headquarters, 22 W Washington, Chicago, IL.



Key Global Benefit Offerings

Global Sabbatical Program

This program provides a paid sabbatical of up to six weeks (in addition to any annual paid time off) once every four years to recharge, refresh, and enjoy new experiences outside of work.

Restricted Stock Units Granted in Bonus & Commissions Plans

This program awards top-performing employees a portion of their annual bonus in the form of restricted stock units. This allows us to simultaneously promote employee ownership and reward high performance.

Shared Ownership Program

This employee equity program provides a market-leading opportunity for colleagues to “own a piece of Morningstar” by electing to receive a portion of their cash bonus (or commission payout) in Morningstar stock with an additional company match of 50%. This approach is unique; our



Eligible colleagues (700 total) who took advantage of sabbatical in 2022



Colleagues who took advantage of shared ownership



Colleagues who completed the U.S. wellness incentive program^{iv}

match rate exceeds typical market standards, encouraging broad ownership and shared success with the company.

Other Benefits

Morningstar also offers competitive time-off policies, family and parental leave programs, healthcare plans, financial incentives, and childcare benefits that support our colleagues’ individual needs.

Employee Benefits in 2022

Morningstar's Total Health Framework is based on four pillars: Emotional, Financial, Physical, and Social Health. Our programs across these pillars range from our global employee assistance program, assistance for colleagues searching for child or elder care, and legal support to comprehensive medical insurance coverage, health incentive programs, and fitness discounts in certain regions. In some cases, our offerings are unique. For example, we extend access to the investment management team's Retirement Manager capabilities to all employees at no cost.

This year, the organization focused primarily on the pillar of financial health. Our compensation budget exceeded market merit rates as we worked to support our rapidly growing organization. We benchmarked and reevaluated our global retirement plans, resulting in plan enhancements in multiple countries.



Diversity, Equity, and Inclusion

This is a material topic for Morningstar

Diversity, equity, and inclusion, or DEI, practices at Morningstar are supported by our culture and employee experience. We believe the collective mixture of our different backgrounds, beliefs, and experiences makes us a stronger firm. We attract, grow, and celebrate our people with the notion that diversity of thought and an environment that encourages open dialogue, creativity, and innovation lead to better business outcomes.

SDG Areas



Colleagues gather at the Chicago headquarters patio during a Pride Month celebration.



2022 Progress

Executive Performance

The goals and incentives of Morningstar’s executive team help ensure focus and clear priorities for the firm, including our commitment to building a more inclusive and representative culture at Morningstar. In 2022, we included DEI goals—centered on cultivating an inclusive culture and increasing diversity—as part of the team’s annual performance review. Our aim is to ensure we are creating a leader-led DEI effort and building accountability across the organization.

Aligning With External Partners

In 2022, we identified external organizations with whom to partner in support of our DEI recruitment, representation, and community efforts. Our Hispanic-focused employee resource group collaborated with the Hispanic Alliance for Career Enhancement, increasing Hispanic job applicants and new hires in the U.S. Additionally, our firm has aligned with Management Leadership for Tomorrow’s Black Equity at Work Certification Program, The Business Disability Forum, and The Canadian Council for Aboriginal Business with a goal to drive progress towards supporting employees and guiding recruitment across these demographics.

DEI in 2022

Led by our CEO, our chief talent and culture officer, and a DEI Steering Committee, Morningstar establishes and embeds DEI goals into each business unit and functional area. This reflects the firm’s commitment to both top-down and bottom-up responsibility for achieving representation and inclusion goals across all areas of our business.

Routinely reviewing our tracking data allows us to reflect on historical trends and the current state of our DEI efforts. It also allows us to calibrate our future efforts—the work that remains to build a fully inclusive and equitable workforce. At the Morningstar board level, 50% of our members identify as female. We have an all-female audit committee, and one of Morningstar’s three board committees is chaired by a female. At year-end, 41% of our colleagues identified or were identified as female, with 13% female representation in executive management, 23% in senior leadership roles, 37% in midlevel roles, and 45% in entry-level roles^{vi}. Our focus is on expanding gender diversity in leadership roles.

Full Organization Gender Diversity^v

Gender	%	
Male	59	<div></div>
Female	41	<div></div>

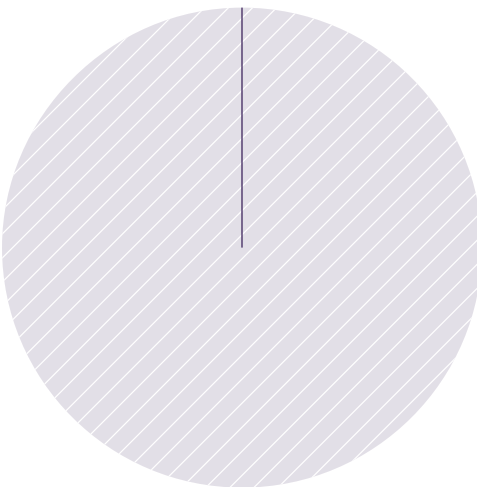


Gender Diversity by Hierarchy in Full Organization

12,224 Employees

Executive Management

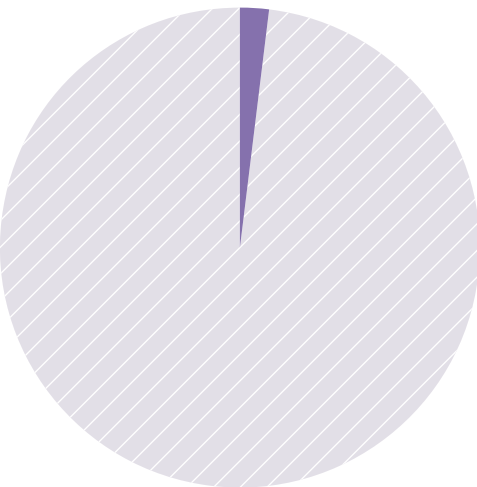
<1% of Total



Gender	%	
Male	87	
Female	13	

Senior Leadership

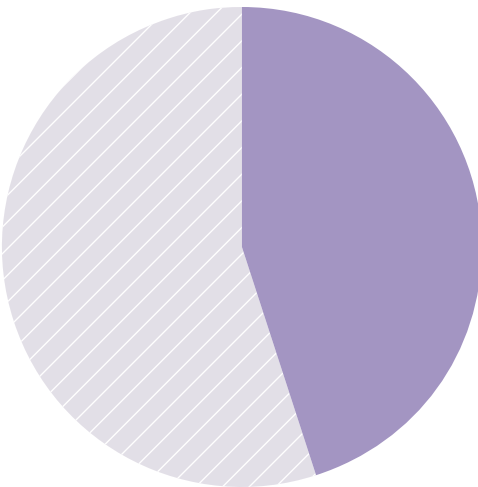
2% of Total



Gender	%	
Male	77	
Female	23	

Mid-Level Roles

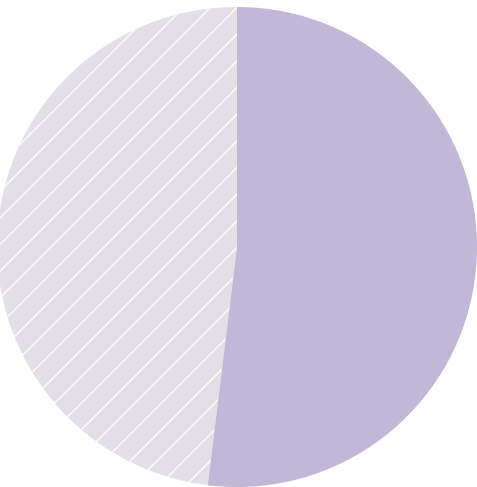
44% of Total



Gender	%	
Male	63	
Female	37	

Entry-Level Roles

53% of Total



Gender	%	
Male	55	
Female	45	



Global Gender Diversity by Role Functions

Investment Research Roles			Data Management Roles			Client-Facing Roles			Technology Roles		
Gender	%		Gender	%		Gender	%		Gender	%	
Male	58	<div></div>	Male	56	<div></div>	Male	58	<div></div>	Male	76	<div></div>
Female	42	<div></div>	Female	44	<div></div>	Female	42	<div></div>	Female	24	<div></div>

This year, we also examined gender breakdown by role type to understand gender diversity across different functions. Our gender representation in investment research, data management, and client-facing roles is closely aligned to our aggregate, global measure of 41% female. In the future, we seek to balance gender representation in the firm’s technology functions.



Racial Diversity in the U.S. and Canada^{vii}

Racial identity of colleagues in the U.S.

Ethnicity	%	
White	66	<div></div>
Asian	22	<div></div>
Hispanic	5	<div></div>
Black	4	<div></div>
Mixed Race & Other	3	<div></div>

In regions where we track racial identification, our teams largely identify as white or Asian. We have prioritized the need for the recruitment and advancement of underrepresented minority populations through internal goals at the executive level.

Racial identity of colleagues in Canada

Ethnicity	%	
South Asian	35	<div></div>
White	30	<div></div>
Chinese	12	<div></div>
Arab/West Asian	6	<div></div>
Black	5	<div></div>
Latin American	4	<div></div>
Southeast Asian	4	<div></div>
Other	4	<div></div>

In 2021, we expanded our effort to collect diversity data in Canada and Europe in order to help us better understand the composition and the needs of our colleagues in these regions. To comply with regional privacy requirements, our collection effort is based on voluntary “self-ID.” We’re pleased that most colleagues in both regions have agreed to share information on their race/ethnicity, sexual orientation, gender identity, and disability status. The increased self-identification rates for racial identity now make up the majority of our population in these regions, so we’ve disclosed our Canada racial diversity data for 2022. We have opted not to disclose our Europe racial diversity until we better understand the European Union’s statements on how to best report such information.

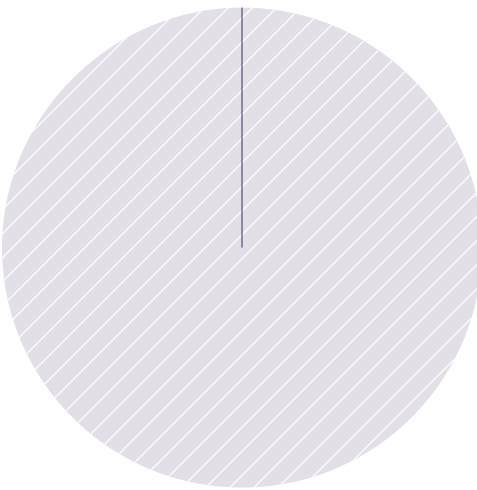


Racial Diversity by Hierarchy in the U.S.

3,237 Employees

Executive Management

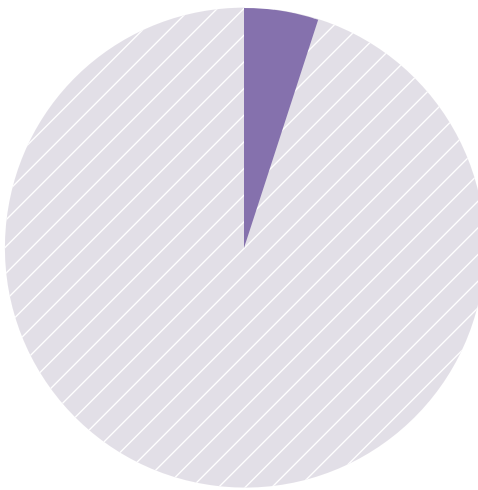
<1% of U.S. Total



Ethnicity	%
White	85
Asian	15
Hispanic	0
Black	0
Two or more races	0

Senior Leadership

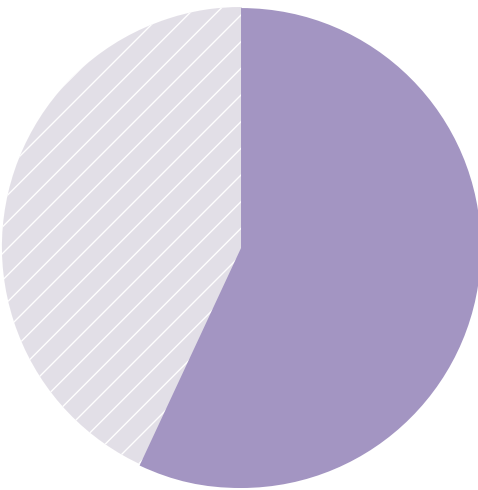
5% of U.S. Total



Ethnicity	%
White	84
Asian	14
Hispanic	1
Black	0
Two or more races	1

Mid-level Roles

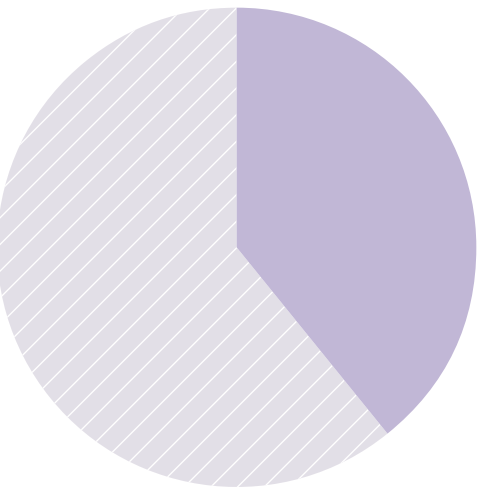
56% of U.S. Total



Ethnicity	%
White	68
Asian	22
Hispanic	5
Black	3
Two or more races	2

Entry-Level Roles

38% of U.S. Total



Ethnicity	%
White	61
Asian	22
Hispanic	6
Black	7
Two or more races	4



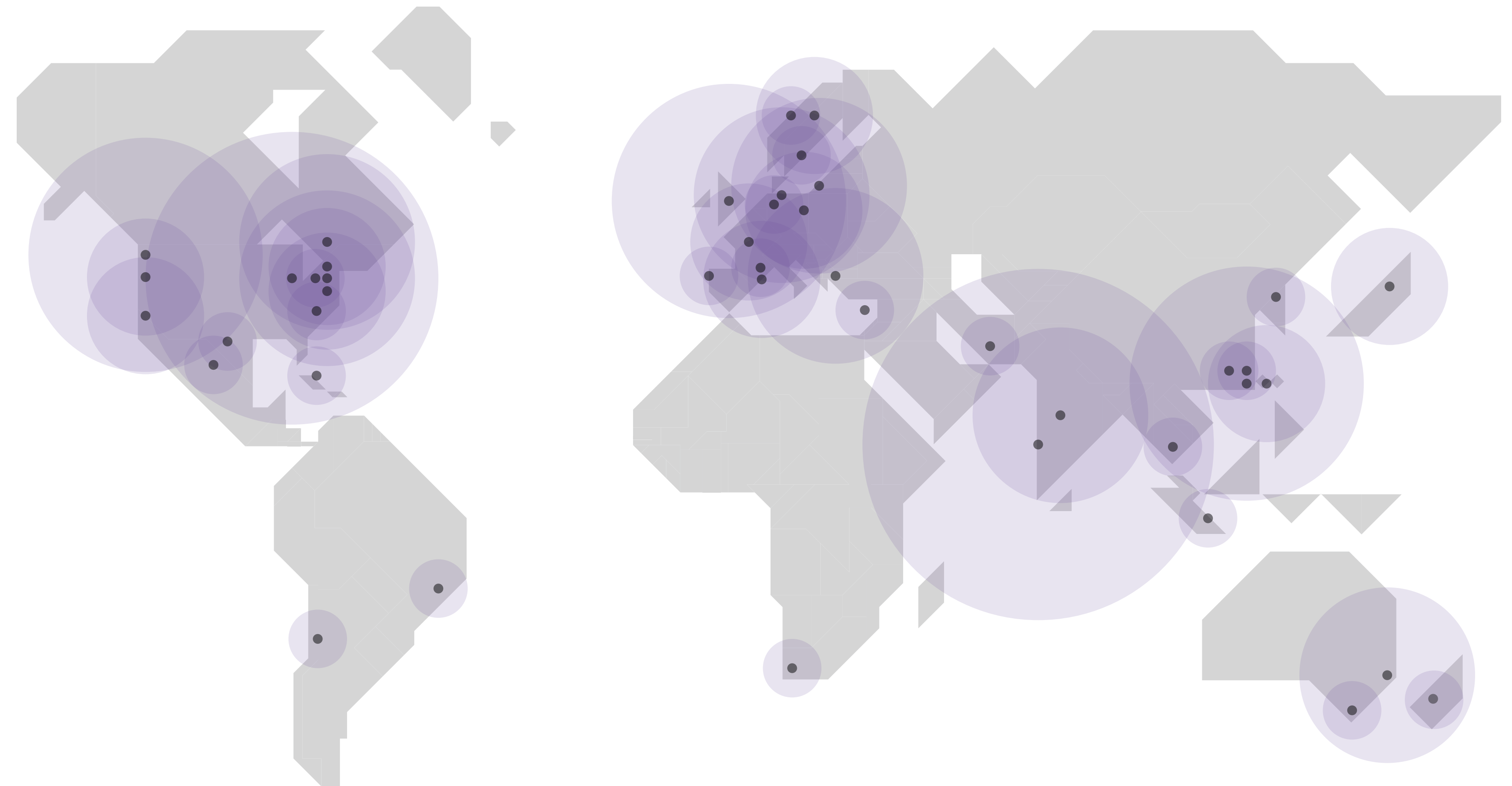
12,224 Global Colleagues

32 Markets

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

37 Number of Languages Spoken

116 Nationalities Across Our Global Business





Morningstar’s Commitment to Pay
Transparency and Equity

Morningstar aims to provide compensation that is internally equitable and externally competitive. We believe transparency pertaining to compensation reflects our values and a true commitment to growing and maintaining an equitable workforce, so we release global pay data on an annual basis.

In mid-2022, we conducted our second pay equity study, leveraging a multivariate regression model and state-of-the-art pay analysis software. As stated in our 2021 report, Morningstar adjusted pay for employees in January 2022 based on the results of our first pay equity study. The below data represents the second adjustment where pay was revised in October 2022. Beginning in 2023, we plan to analyze pay equity twice annually and adjust employee compensation as needed. Morningstar releases the data that reflects pay gaps prior to compensation adjustments for remediation.

In our most recent pay examination, we expanded our pay equity study to include employees at PitchBook and Morningstar Sustainalytics. With this expansion, a majority of our business is now included in the analysis.^{viii} In our pay equity analysis, Morningstar focuses on gender (globally) and underrepresented minority (URM) compared with non-underrepresented minority (NURM) (*U.S. only, the country where we currently collect this data*) as the diversity dimensions. We measured two pay equity concepts—adjusted and unadjusted pay gap.

Number of employees who received a pay increase
due to adjusted pay gap analysis

2021	2022
420	76

Amount spent on pay equity adjustments

2021	2022
\$1,500,000	\$490,000



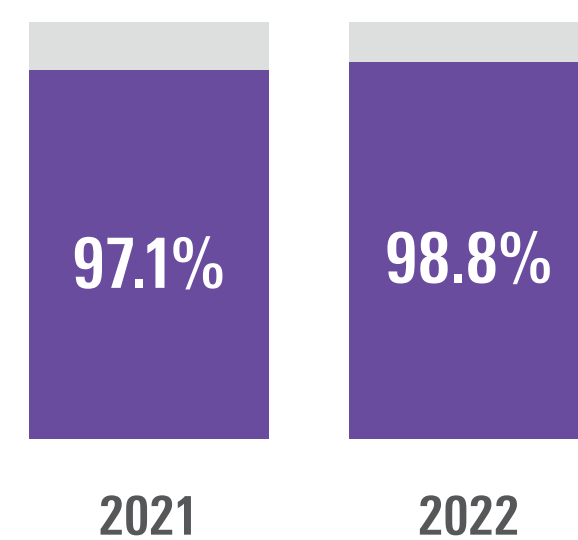
Pay Equity Data

Adjusted Pay Gap

The adjusted pay gap tracks equal pay for equal work. It examines a group of employees performing substantially similar work and looks for pay practices that result in lower pay for the measured peer group. Our 2022 pay equity examination resulted in a pay change for fewer employees than our 2021 study, despite significantly expanding our scope of employees to include PitchBook and Morningstar Sustainalytics.

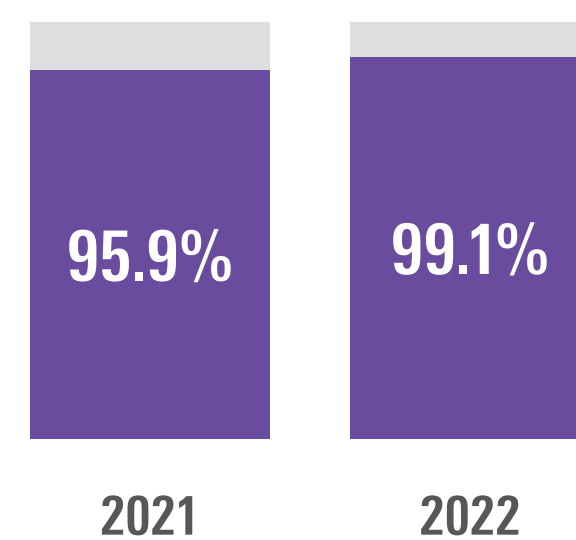
Adjusted Pay

■ Women ■ Men



Adjusted Pay^{ix} (U.S.)

■ URM ■ NURM

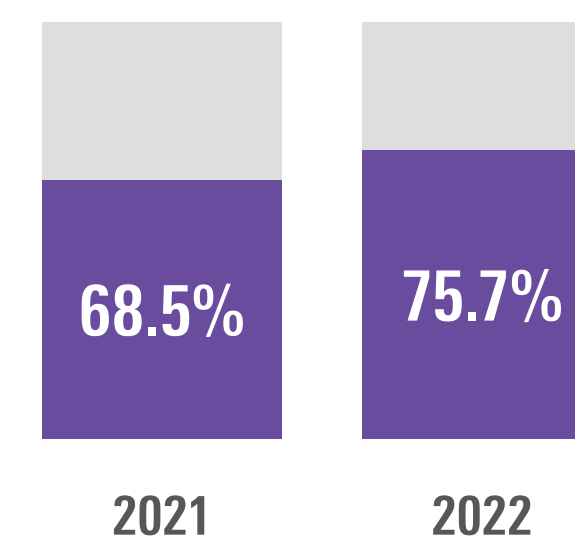


Unadjusted Pay Gap

The unadjusted pay gap measures equality of opportunity by examining the median pay of all colleagues along a single dimension—say, gender or ethnicity. This analysis can indicate a lack of female or ethnic minority representation at higher levels in an organization or within higher-paying roles and locations. This difference highlights an equality of opportunity gap—for instance, where one group holds more leadership or higher-paying positions. Our DEI work to improve representation of various demographic groups across the organization is designed to address this opportunity gap. Similar to the above discussion on the adjusted pay gap, the increase in unadjusted pay for women compared with our 2021 measure indicates that Morningstar is making some progress in representation and advancement of women in the firm.

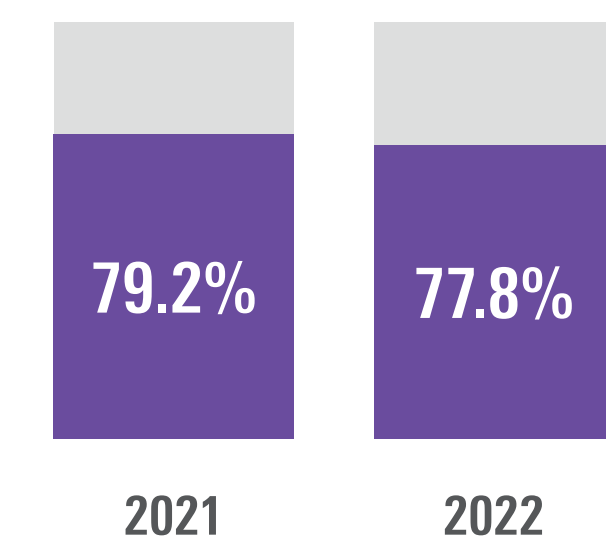
Unadjusted Median Pay

■ Women ■ Men



Unadjusted Median Pay (U.S.)

■ URM ■ NURM





Training, Education, and Career Development

This topic is prioritized by our employees and stakeholders

Morningstar offers a variety of educational and career development programs to ensure ongoing professional growth opportunities for all colleagues. Our goal is to provide a relevant, meaningful, and consistent set of development experiences for colleagues at all levels, in all applicable job fields, and in all locations across the company. We hear from our global teams that development opportunities are both a reason why they first joined the firm and a critical reason they stay. In 2022, we focused on establishing a core learning infrastructure and expanded our offerings globally.



Morningstar Headquarters, 22 W Washington, Chicago, IL.



Key Global Education Offerings

Access to Self-Paced Learning

Trellis, our learning management platform, provides colleagues with a catalog of self-paced learning programming through various content partners. This learning catalogue provides skill development on a wide range of topics with optional live learning events.

Educational Stipend

An annual, individual stipend of USD 1,000 is available to all colleagues to apply toward external educational programs and learning resources of their choice.

Morningstar Development Program

This early career program is the primary entry point to Morningstar for college graduates. Through this program, we place new joiners into many different entry roles and offer them the flexibility to explore and learn through guided placements into subsequent roles, apprenticeships, and mentoring.

Leadership Development — Advancing Leaders

Morningstar provides a focused learning journey for leaders

and managers at Morningstar. The Advancing Leaders learning modules, which include self-study, instructor-led, and peer-interactive sessions, are designed around leadership competencies that we look to develop in existing and aspiring leaders throughout the organization.

Morningstar Scholars

Morningstar Scholars is a global tuition assistance and development program that provides up to 80% tuition reimbursement (up to USD 20,000 per year) to fund degrees and certifications from accredited academic institutions. We globally expanded our Morningstar Scholars program to allow more opportunity for colleagues to receive advanced degrees, with 90 colleagues participating in 2022.

Crowdsourcing Learning

Starting in 2022, subject matter experts from all areas of our business were provided the opportunity to create educational modules related to their field or area of expertise and make them available within Trellis to increase the breadth and accessibility of learning opportunities for colleagues. To date,

54%

Colleagues who used the education stipend, with Morningstar spending USD 2.4 million on colleagues' education stipend

97%

Eligible colleagues who received a formal talent review

78%

Colleagues who believe Morningstar is committed to their career development

we have over 19,000 self-learning modules made available to colleagues created by our own SMEs or by outside experts.

Speakers @ Morningstar

Morningstar hosts companywide speaker events where we invite experts to share their knowledge and insights through live, interactive presentations.

Coaching and Mentoring

Morningstar's coaching program pairs Morningstar leaders with high-performing leaders who are taking on new challenges to help support their growth and development. Our mentoring programs offer employees a chance to connect and learn from



other colleagues. These mentoring programs sometimes align with career stage, such as our new manager mentor program, and sometimes align to a particular function or ERG.

Training, Education, and Career Development in 2022

Global Expansion of the Morningstar Development Program
Based on the success of the Morningstar Development Program, or MDP, in our Chicago headquarters, we expanded the program to New York, Toronto, and Mumbai in 2022. This expansion increased program participants by 548%, with 2,008 participants in 2022.

We make sure that MDPs are equipped with the knowledge and resources they need to succeed at Morningstar. Throughout the two-year program, we provide MDPs with career development workshops, networking events, stretch project opportunities, and apprenticeship programs, ensuring they are exposed to various parts of the business. After their initial role at the company, MDPs transition to various internal positions where they can determine the function or group that best suits their long-term career goals.

By expanding the MDP, we have been able to fill more entry- and midlevel positions with internal candidates supporting Morningstar’s overall growth as a company. The success of the program has allowed us to invest in continued expansion, with a goal to expand to Madrid, Amsterdam, and London in 2023.

ESG Apprenticeship Program Launch

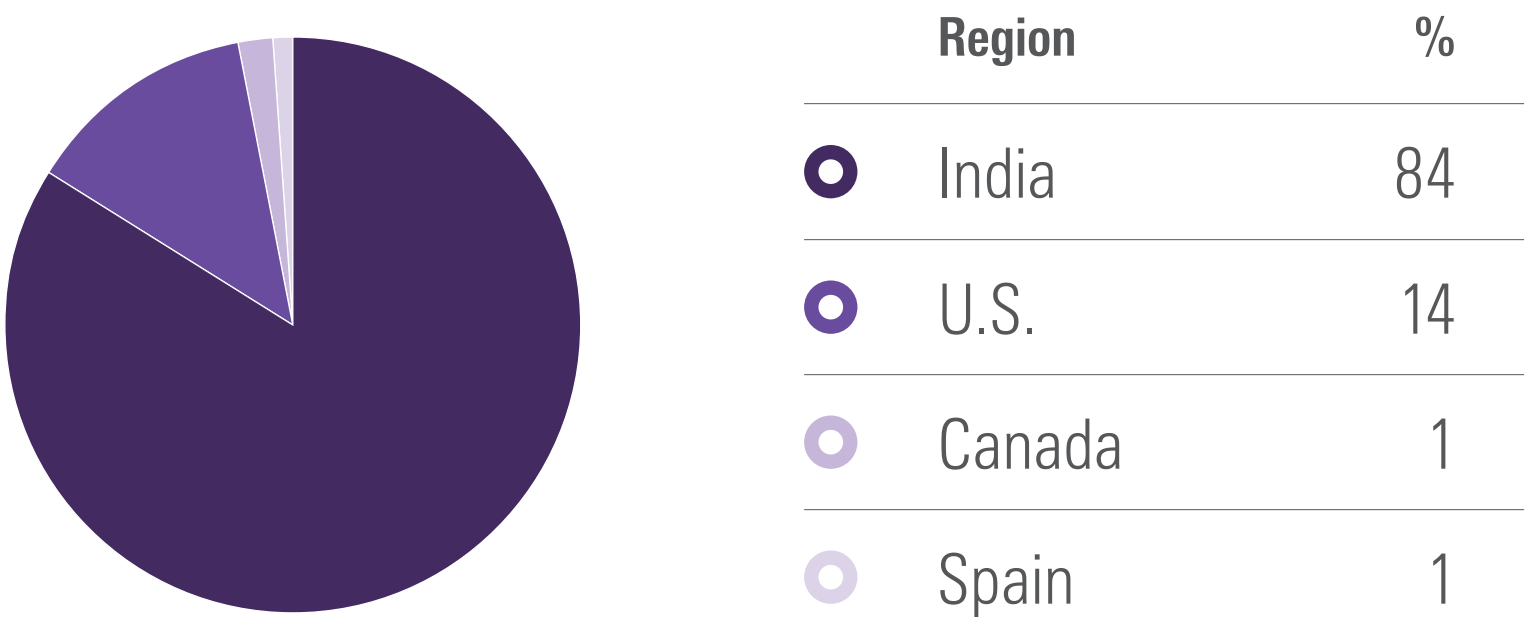
As career opportunities in ESG investing, research, and products and sustainability management grows, we recognize the opportunity to expand learning opportunities in this space to early-career individuals. In 2022, we launched the first ESG Apprenticeship program for colleagues. Individuals selected to join the program are placed on teams throughout the organization to contribute to various ESG and sustainability-focused projects. These projects range from working on ESG editorial pieces to assisting in the launch of a new risk rating product. Allowing participants to gain valuable experience and connections in the ESG space will contribute to more ESG career growth opportunities in the future.

Looking Forward

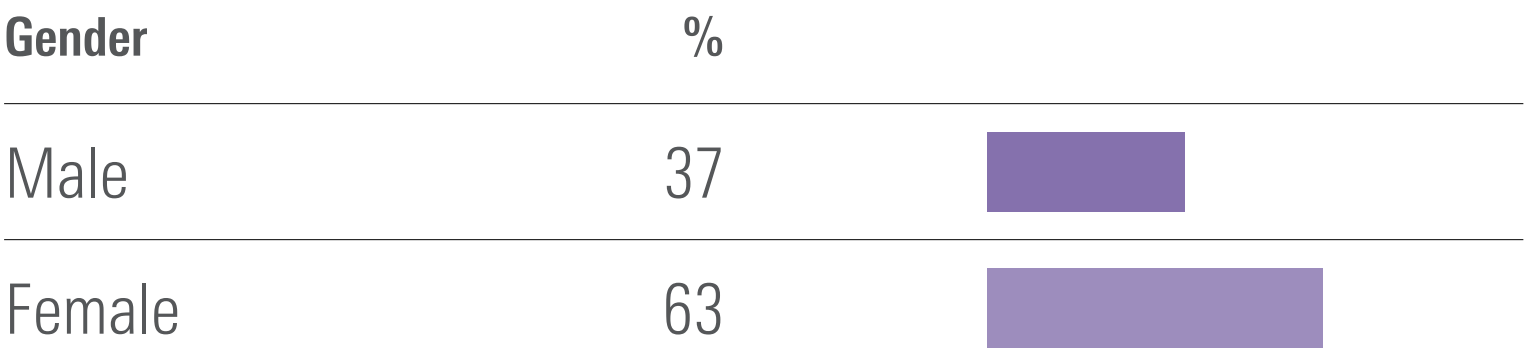
We will continue to invest in learning content through Trellis and our Advancing Leaders program. We will also enhance

the educational stipend and create “Learning Academies” built around topics that all employees can study, such as ESG.

Global Breakdown of MDPs
2,008 Employees



Gender Identity of the MDPs





ESG Apprenticeship Q&A:

An interview with Rosie Crawford, credit ratings analyst and 2022 ESG apprentice



Why did you join the ESG Apprenticeship program?

My initial draw to Morningstar stemmed from the companywide focus on sustainability and ESG investing. I joined the ESG Apprenticeship given the unique opportunities it offers in sustainability. The program has allowed me to work with our editorial sustainability team and participate in an ESG educational training series.

The series provided engaging overviews of Morningstar and Sustainalytics ESG products, research, and data as well as industry and career-path discussions. The learning opportunities that the apprenticeship has provided me have helped me better navigate the ESG industry and understand where my interests lie.

What project are you working on and what has the outcome been?

My primary project has been the creation of an ESG Investing Glossary for Morningstar.com to break down commonly used ESG terms for investors. With my team, I've worked on search engine optimization, writing accessible term definitions, and building an educational piece for the website. I co-authored an article, [**Why You Should Care About Net Zero and Other Climate Jargon**](#), to explain the term "net zero" while also displaying its nuance when used in company commitments. Through the program, my understanding of ESG issues and the global landscape around sustainability has grown more comprehensive.

My understanding of ESG issues and the global landscape around sustainability has grown more comprehensive.

What has been the most beneficial aspect of the ESG Apprenticeship program?

The most beneficial aspect for me has been the exposure to all different people working in sustainability in different capacities at Morningstar. Despite my recent start as an employee at Morningstar, I have gotten the opportunity to collaborate with people working at Sustainalytics, ESG Equity Research, Editorial, Enterprise Sustainability, and Manager Research, among other business units through my work on the ESG Glossary. I have gained an abundance of knowledge and perspective through this process, and I am excited to continue meeting new people in the sustainability world at Morningstar in the future.



Community Engagement

This topic is prioritized by our employees and stakeholders

Morningstar views the many communities we're a part of as stakeholders in our business; our success is intertwined with theirs. As a global employer reliant on flourishing locales and an industry leader committed to empowering investor success, it's our responsibility to address community needs aligned with our corporate sustainability goals. We're committed to investing in our local communities over the long term by leveraging our unique expertise, passionate people, and financial resources.



Morningstar's Seoul office contributes to Global Volunteer Day.



Key Global Volunteering and Philanthropy Offerings

Morningstar Matching Gifts

Morningstar matches employee charitable giving to any U.S. 501(c)(3) nonprofit or equivalent global organization up to USD 750 (or local equivalent) per calendar year.

Dollars for Doers

The Dollars for Doers program recognizes employee volunteer efforts by making donations to match the employee hours spent volunteering. Morningstar provides USD 20 (or local equivalent) per hour volunteered to be donated to eligible causes for up to USD 750 per calendar year.

Volunteer Time-Off Program

All global colleagues receive two paid volunteer days per year to give back to causes that matter most to them. This is separate from our regular paid time off and is meant to provide direct support for volunteer opportunities.

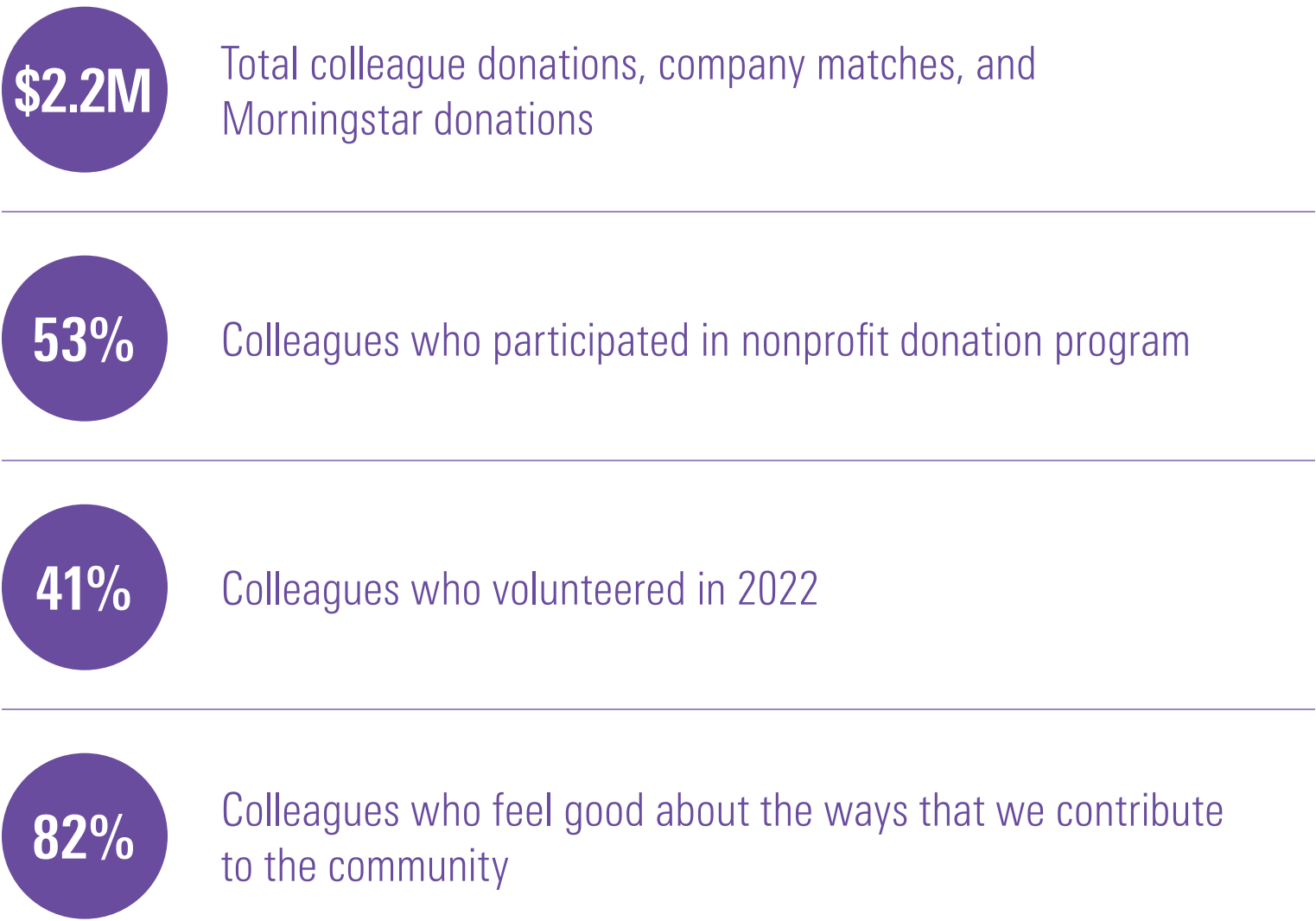
Community Engagement in 2022

In 2022, we globalized our community engagement amplification programs so that they are relevant and motivating for our employees across all our global locations.

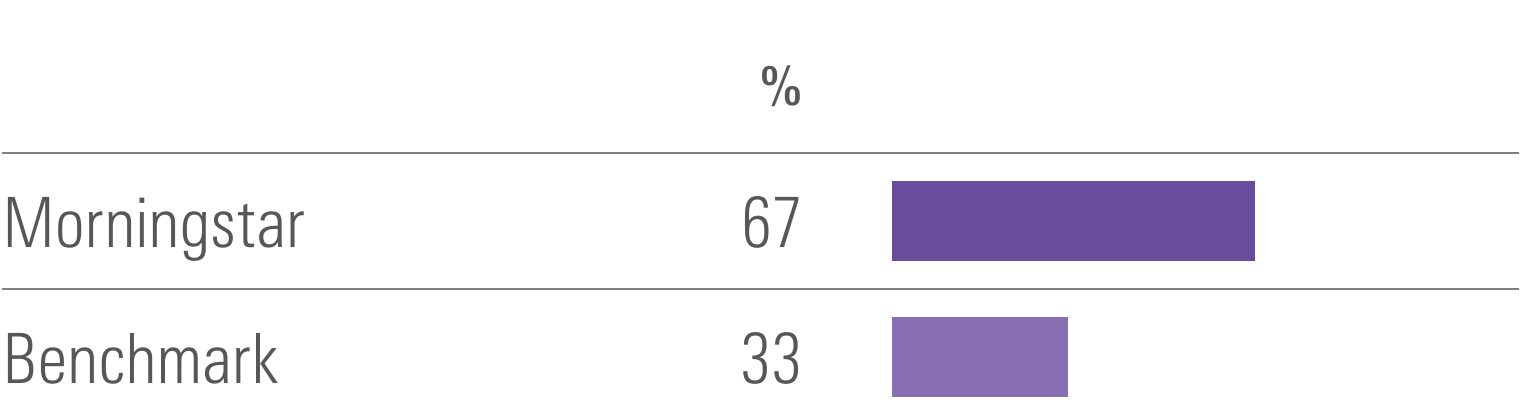
Globalizing Our Programs

In 2022, Morningstar introduced Benevity’s Spark platform to support employee philanthropic activity. Benevity’s platform provides a large network of available not-for-profits across our regions, enables tax-effective and local currency giving, and improves our donation visibility and tracking.

This transition to Benevity affected colleagues’ ability to give back, particularly for our colleagues in Europe and Asia Pacific as they now have a wider array of not-for-profits to which they can contribute through employer matching. As examined by Benevity, Morningstar’s high involvement in the community exceeds the industry average of comparable firms.



Morningstar Participation in Community Programs Compared With Finance Industry^x





Broadening Colleague Participation in Communities: Global Giving Drive & Global Volunteer Week

We hosted Morningstar's second annual Global Giving Drive in 2022. For the first time, every Morningstar office participated, with more than half of our employees donating to not-for-profits. We raised over USD 851,000 in support of organizations around the world that are focused on fighting hunger and food insecurity.

In 2022, we also hosted Morningstar's first Global Volunteer Week; over 5,400 colleagues volunteered in local projects on behalf of their communities. Morningstar's newly appointed Community Champions across our global offices identified community partners to organize the volunteer events, creating over 120 different project opportunities globally. These projects ranged from working with students, assisting the elderly, fighting food insecurity, and restoring the environment.

One of the biggest barriers to individuals getting involved in their community is feeling overwhelmed by the magnitude of the world's problems. Global Volunteer Week is a way to showcase how individual actions can collectively make a difference.



It's truly inspiring to see the dedication and commitment of our colleagues coming together around the world to do good.



Morgan Olenski

Manager of Morningstar Engagement
North America



There is a sense of commitment, teamwork, and collaboration at play, which is so exciting and motivating.



Kalpesh Shah

Director, Business Development
Mumbai



Amplifying Leadership Efforts

In 2022, Morningstar launched a nonprofit Board Service Program to support employees who seek to contribute more deeply to an organization through a leadership position and learn valuable career development skills through board participation. The Board Service Program provides ongoing training, networking, and financial support for aspiring and current board members. The program also provides additional financial support for the nonprofit.

Looking Forward

In 2023, we will focus on building our Corporate Philanthropy Program to clarify our corporate giving strategy and tighten our impact alignment with our commitment to the U.N. Global Compact. We will also continue to build programs that support employees who deepen their support for their communities.



Colleagues in our Madrid office paint with seniors during a volunteer event.



The Madrid Office: Community Team of the Year

This accolade is awarded to the team that has transformed its local engagement program to deliver meaningful, sustainable benefit to their community.



An interview with Jose Antonio Carpintero, global head of internal controls and Madrid community champion

The Madrid office was named the Community Team of the Year, and you led many of these community engagement efforts. What were some major successes in 2022?

The Madrid team saw a ton of great successes in community engagement this year. We held volunteer and fundraising

events that ranged in size from a Red Cross Food Collection drive to a mentorship program for women seeking to find new jobs through Fundación Quiero Trabajo. I would say our biggest success this year was our Global Volunteer Days program. The Madrid team organized multiple volunteer activities, and we also saw strong participation in our Global Giving Drive. I'm proud of our team's ability to impact our communities by improving the health of Red Cross patients through blood donations, supplying meals in Ukraine via Action Against Hunger, supporting women with disabilities by providing career counseling and mentorship, and holding nature cleanups for trash collection in our communities. The Madrid office is already very invested in our community, so in 2023, I am excited to create more volunteer opportunities for our colleagues and encourage even greater rates of participation.

What motivates you to act as a leader of community engagement work?

I feel incredibly lucky to be in the position to be able to contribute to this volunteerism. I am a strong believer in helping people in a more challenging position than me. Through my previous work experience, I had the opportunity



Colleagues in our Madrid office weigh trash during a community cleanup.

to engage in volunteer efforts, which sparked my passion for causes. When I joined Morningstar, I wanted to continue contributing to these efforts and was happy to realize that Morningstar is a huge advocate and sees engagement with our communities as core to our culture.



Governance

- Governance Structure and Oversight
- Business Ethics

- Material topic
 - Additional topics prioritized by employees and stakeholders



Governance

Strong oversight and accountability are crucial to the management of material ESG issues and our ability to execute our business strategy. Morningstar's research teams have identified practices that lead to good stewardship, shareholder transparency, and long-term value creation. We aim to align our firm's own governance with these principles.

Addressing Risks and Opportunities

Morningstar's governance principles and framework address a variety of material risks inherent to our business model within the financial-services industry, including those associated with the management of professional ethics, intellectual property, competitive practices, and the publication of investment ratings. These issues are critical to Morningstar; our Annual Report examines these potential risks in greater detail.

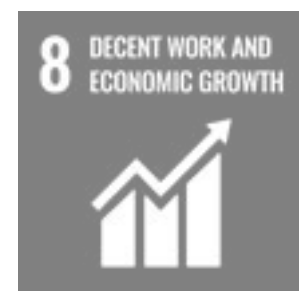


Governance Structure and Oversight

This is a material topic for Morningstar

Our commitment to governance and oversight has remained consistent over the years. We maintain a majority independent board of directors composed of individuals with diverse backgrounds and deep industry experience. We have a deliberate approach to shareholder engagement, which includes consistent standards and regular, accessible, and equitable communication with investors of all types.

SDG Areas



Morningstar's 2022 Board. From left to right: Cheryl Francis, Steve Kaplan, Caroline Tsay, Bill Lyons, Robin Diamonte, Joe Mansueto, Gail Landis, Doniel Sutton, Steve Joynt, and Kunal Kapoor.



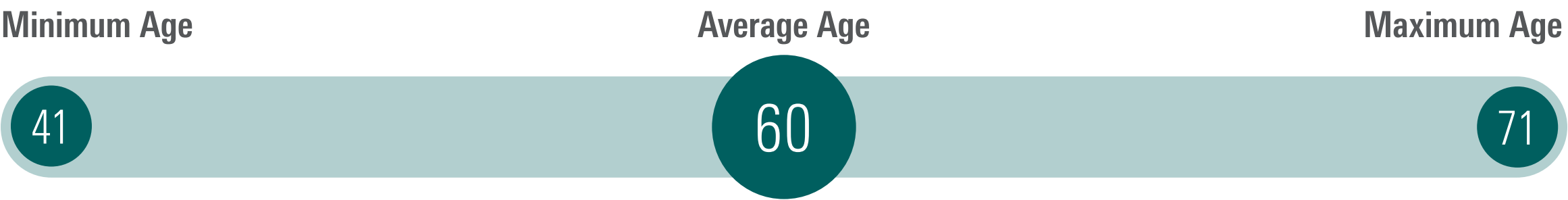
Governance Structure

Board Composition

We value the independence of our board members while leveraging the expertise and deep commitment of our founder and executive chairman, Joe Mansueto. Board committees—the Audit, Compensation, and Nominating and Corporate Governance Committees—are composed entirely of independent directors. The combination of the deep history that Joe and Kunal represent and the board’s committee-led independence benefits Morningstar, enabling us to preserve our unique culture, live our mission and values, and create value over long-term periods. For more information on Morningstar’s board composition, visit our [2023 Proxy Statement](#).

Morningstar’s 2022 Board of Directors Data

Board of Directors	#	%	
Female	5	50	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
Male	5	50	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
Racially/Ethnically Diverse	3	30	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
Independent	8	80	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
0–5 Year Tenure	4	40	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
6–10 Year Tenure	2	20	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
11–15 Year Tenure	1	10	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
15+ Years Tenure	3	30	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>





Board Responsibility & Structure

Morningstar’s board of directors is further supported by three committees: Audit, Compensation, and Nominating and Corporate Governance. Although each committee has a broad scope of responsibilities, the following synthesizes their oversight as it affects Morningstar’s sustainability position:

- ▶ Audit Committee oversees topics of cybersecurity and ethics.
- ▶ Compensation Committee guides benefits, pay, and incentive practices.
- ▶ Nominating and Corporate Governance Committee reviews compliance and governance practices.

The board may convene special committees and leverage external experts or consultants to augment its oversight responsibilities. Access Morningstar’s Committee Charters [here](#).

Board Responsibility and Structure

Board of Directors

- | | | |
|--|---|--|
| ▶ Review & provide input on the company’s strategic plan | ▶ Monitor succession planning for the CEO & other senior executives | ▶ Advise on enterprisewide risks |
| ▶ Approve annual budget | ▶ Oversee organizational health | ▶ Approve dividend & share repurchase programs |

Board Committee Sustainability Considerations

Audit Committee

- ▶ Discuss major financial, product, technology & cybersecurity risk exposures
- ▶ Receive reports on ethics matters that have been reported

Compensation Committee

- ▶ Approve incentive plan design & performance goals
- ▶ Review emerging compensation policies, practices, & potential risk

Nominating and Governance Committee

- ▶ Guide development of corporate governance policies & stock ownership requirements
- ▶ Determine the appropriate characteristics, skills, & experience for the board

Management

The management team is responsible for leading the organization to achieve our firm’s five major goals. The management team also reports on progress to the board.

- | | | |
|--|--|---|
| ▶ Financial —Exceed company-level financial goals | ▶ Scale —Drive operational excellence & scalability to support growth targets | ▶ Talent —Build an inclusive culture that drives exceptional talent engagement & development |
| ▶ Sustainability —Establish leading ESG position across each business | ▶ Insights —Deliver differentiated insights across asset classes to public & private market investors | |



Shareholder Engagement

Morningstar's approach to shareholder engagement includes consistent standards, regular and accessible communication with investors of all types, and a long-term focus. We do not provide quarterly earnings calls; encouraging a focus on short-term results is inconsistent with our mission to empower investor success over the long term.

Our management team and the board of directors are available once per year at our annual meeting. This event includes substantive presentations, with topics including updates on our business strategy and financial performance, plus deep dives into selected products. The agenda also offers ample time for Q&A from shareholders, potential shareholders, and other stakeholders.

We also regularly provide answers to questions from all shareholders on our website and file them with the SEC. You can see answers dating as far back as 2014 [here](#). Since 2021, we've also published a supplemental investor deck with our quarterly results to provide additional context on key drivers of our financial results.



Morningstar CEO Kunal Kapoor with founder and chairman Joe Mansueto.



One Year on Morningstar's Board of Directors: An Interview with Doniel Sutton



You've been on Morningstar's board of directors for a year now, but you also have other board experience. Can you talk generally about how board priorities and focus areas have changed recently?

My experience serving as an Independent Director for Morningstar and other firms has been shaped and enhanced by my role as chief people officer of a publicly traded company, where I have the benefit of working closely with our board of directors. The collective experience, across

different industries, gives me a unique and broad perspective and allows me to identify similarities in themes, priorities, and key focus areas. One common denominator is that changes in the broader macro environment significantly influence priorities for most public company boards. This includes Nasdaq's board diversity requirements and the focus on ESG-related topics such as climate change, workforce culture, diversity, and the oversight of cybersecurity risks, to name a few. Board agendas are now largely driven by outside factors rather than isolated matters specific to CEO succession and driving financial profitability. These changing priorities have also influenced considerations for the requisite skills and experiences that are needed to provide the proper level of oversight as Independent Directors.

An area of priority for Morningstar is our human capital management efforts, particularly in building a more inclusive workplace. How do you see boards provide oversight of human capital management and diversity, equity, and inclusion practices, and where is the conversation moving?

I've been very pleased with Morningstar's focus on human capital management efforts—and fortunately, this has been part of Management's agenda long before I joined as a board member. There is regular dialogue on topics such as hiring, professional development, employee engagement, pay equity, and workforce diversity. We've also prioritized how companies navigated the shift from in-person to virtual working at the onset of the pandemic and, now, how to manage hybrid working models and expectations. I've been really pleased with how Morningstar has navigated these issues, including how they've incorporated our board feedback into strategic planning.

Our society—and companies who operate within it—has evolved, and each generation invites new discoveries, expectations, and a set of norms that begin to shape our experience. Boards are expected to keep pace with these changes and adapt to the various shifts that occur in our global environment. Morningstar is uniquely positioned to respond and adapt based on their strong history of aligning business strategy to global markets and consumer expectations.

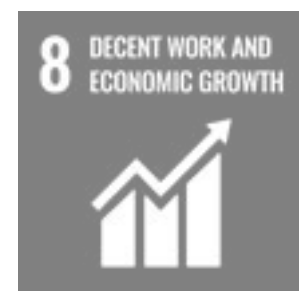


Business Ethics

This is a material topic for Morningstar

Morningstar's standards for ethical behavior provide a foundation for our work. These are key components of our long-standing relationships with our clients, and they create a positive work environment for our people. We regularly review our policies to assess material risk in a quickly changing environment and to meet the needs of a growing organization.

SDG Areas



Morningstar Headquarters, 22 W Washington, Chicago, IL



Morningstar's Policy Portfolio



Code of Ethics



Anti-Bribery & Corruption Policy



Human Rights Policy



Anti-Slavery & Human Trafficking Statement

Independent research is central to our brand, and we are continually reviewing and improving our compliance structures to remove or mitigate actual or perceived conflicts of interest in our business and processes. We also manage business units with heightened regulatory requirements separately, including Morningstar Investment Management and DBRS Morningstar. More details on DBRS Morningstar's compliance organization can be found [here](#).

Each year, we provide training on Morningstar's global policies and expectations of employees. This includes our Anti-Bribery & Corruption Policy, our Anti-Slavery & Human Trafficking Statement, our Human Rights Policy, and our Code of Ethics.

Leading Business Operations With Our Code of Ethics

Our Code of Ethics is designed to guide our decision-making at Morningstar. It outlines practices related to hiring, purchasing, insider trading, bribery, confidentiality, and conflicts of interests, among others. Critically, it reflects the independent nature of Morningstar's data and research efforts and provides clear guidelines to maintain the research team's independence. The code applies to everyone at Morningstar, including members of the board of directors, our employees, and all temporary workers, interns, independent contractors, and consultants with connections to Morningstar. Each year, Morningstar colleagues are required to sign their adherence and acknowledgment of our code. As of Dec. 31, 2022, 88% of Morningstar global colleagues had completed this annual certification. Each year, our management team and board of directors review Morningstar's Code of Ethics to



Colleagues who report that acting ethically and with integrity on their team takes priority over achieving business results

ensure we manage any potential risks and evolve to meet our expectations for ethical practices across the organization. This review considers topics and priorities of Morningstar's key stakeholders, evidenced in 2022 by changes to our policy regarding pledging Morningstar stock as collateral. More information on the new policy can be found in our 2023 proxy statement.

Looking Forward

In 2023, our policy portfolio will expand to meet the needs of our growing business and comply with emerging regulatory guidance. We will publish a global environmental policy in accordance with our climate transition plan and review guidance for our suppliers in accordance with the range of global policies pertaining to bribery, corruption, human rights, ownership, and regulatory environmental standards.



Business Operations

● **Data and Information Security**

○ **Environmental Impact**

○ **Sustainability in the Supply Chain**

- **Material topic**
- **Additional topics prioritized by employees and stakeholders**

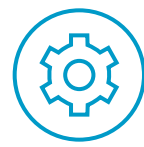


Business Operations

Our business operations are characterized by a robust, data-driven approach to privacy and security, a commitment to measure and manage the firm's global environmental footprint, and the intent to understand the impacts of our supply chain. This enables us to adopt aggressive long-term targets for efficiency, environmental impact reduction, and supply chain management.

Addressing our Business Operations Risks and Opportunities

With respect to data governance practices, we focus on addressing material risks in our business, including how to collect, use, manage, and protect data. The emphasis is on measures taken to ensure the safe and secure use and maintenance of customers' personally identifiable data. For our environmental impact, we focus on measuring our emissions and strategizing opportunities to reduce our footprint in line with net-zero expectations. When it comes to our supply chain, we utilize our Supplier Code of Conduct to ensure we partner with vendors who meet our sustainability expectations. We seek to mitigate risk in this area by assessing our suppliers utilizing our own proprietary software.



Data and Information Security

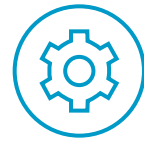
This is a material topic for Morningstar

One of Morningstar's most valuable assets is the trust we have built with our stakeholders. We recognize our responsibility to safeguard their information, and we expend considerable effort and resources to protect all data pertaining to our clients, colleagues, and partners.

SDG Areas



Morningstar Headquarters, 22 W Washington, Chicago, IL.



Morningstar's Information Security Program

Morningstar has a dedicated Information Security team responsible for operating the firm's comprehensive information security program led by the chief information security officer reporting to the chief technology officer, with oversight from the board's Audit Committee. Morningstar also operates a third-party risk-management program to vet vendors, subcontractors, and other third parties that may process confidential and personal information. Vendors are assessed both before entering a contractual relationship as well as throughout the course of that relationship. See the Sustainability in the Supply Chain section of this report for additional details on this program.

Privacy Program

Morningstar maintains a comprehensive privacy program designed to manage the privacy of customer and employee personal data. The privacy program is designed to ensure compliance with privacy regulations, while also maintaining leading standards of data ethics and transparency. Morningstar's Privacy Team is responsible for managing the privacy program and is composed of personnel from Morningstar's Information Security and Legal teams.

Morningstar's chief information security officer and head of privacy-legal manage the privacy program, with oversight from the board's Audit Committee.

Enterprise Resilience Program

Morningstar's Enterprise Resilience program proactively prepares our people, offices, technology, and the business processes they support for quick recovery when a business disruption event occurs. Morningstar requires all business units to participate.

An integral part of Enterprise Resilience is developing Information Technology Disaster Recovery, or DR, capabilities. The DR process starts with architecting resilient products and employing mitigation techniques that minimize impacts of incidents. As a result, 83% of our application-based revenue is resilient to unexpected outages, including those caused by security incidents^{xi}. As it is not possible to fully prevent incidents from occurring, we have developed detailed disaster recovery plans that enable us to recover from incident impacts that may cause service disruptions or data loss. These plans are tested and validated regularly to ensure our continued readiness. DR testing occurs annually

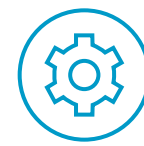
or whenever there is a significant change to the related business processes or technology. In 2022, 96% of DR tests performed on our products were successful.

An ongoing challenge in maintaining this capability is the growth of our business through acquisitions and aligning these new additions to the business with the Morningstar DR standards. While the acquisitions maintain their preacquisition recovery capabilities, they often require enhancements to meet the rigorous Morningstar standards, impacting our standard resilience metrics until the integration is complete.

For additional details on our programs and their relative standards and framework alignment, visit our [Approach to Data and Information Security Statement](#) and [Morningstar's Privacy Center](#).

Defining and Disclosing Security Incidents

Morningstar has adopted a definition of "noteworthy security incident" to allow for consistent reporting. For the purpose of this report, Morningstar defines a "noteworthy security incident" as an event that compromises the confidentiality, integrity, or availability of an information



system or the information the system processes and for which Morningstar is subject to a regulatory obligation to notify government authorities or impacted parties or results in costs to Morningstar exceeding USD 100,000.

We calculate “costs” by using the estimated per record cost provided in the [IBM/Ponemon Institute Cost of Data Breach Report](#). The IBM/Ponemon study, which has been published annually since 2005, is widely used for benchmarking incident costs. The IBM/Ponemon study defines costs to include direct or indirect expenses incurred by a company, such as the cost to investigate and respond to an incident, costs associated with downtime, and the cost of reimbursing customers for their losses. In addition to the IBM/Ponemon estimate, we also consider actual costs incurred by Morningstar. Where actual costs exceed estimated costs calculated using the IBM/Ponemon figure, we use actual costs to determine whether the incident is “noteworthy” under our definition.

In 2022, Morningstar had zero noteworthy security incidents that meet the above definition.

Convergence of Security and Privacy

There is a significant amount of overlap when implementing governance for security and privacy. Many touchpoints with various parts of the business are shared between the two programs, and often security controls are leveraged to achieve privacy objectives. In 2022, we streamlined the operational side of Morningstar’s security and privacy functions by combining them into a single team, which allows us to simultaneously address security and privacy risks in our product development process when evaluating suppliers and in a variety of other business processes.

Looking Forward

Today, Morningstar has various IT risk-management processes, aligned with different functional areas of risk. We are working toward integrating risk management into a single platform in order to create a more holistic view on IT risk.

96%

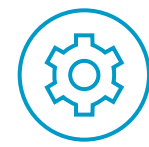
DR tests performed on our products were successful

83%

Application-based revenue was resilient to unexpected outages

0

Morningstar had zero noteworthy security incidents



Environmental Impact

This topic is prioritized by our employees and stakeholders

We aim to reduce Morningstar's impact on the environment while expanding the growth of our business and the reach of our products. We recognize that Morningstar is uniquely suited to support innovative solutions to the global climate crisis through our product offerings, which are built to serve investors of all types across the globe. We also understand that limiting global emissions requires a whole economy in transition and that systemic change requires ambitious commitments across the financial system. We align with several international organizations we believe are acting in good faith to support bold climate transition planning, including Glasgow Financial Alliance for Net Zero, or GFANZ and Net Zero Financial Service Providers Alliance, or NZFSPA. More details on these partnerships can be seen on Page 8.



Morningstar London office, 1 Oliver's Yard, London EC1Y 1HQ.



Our 2022 Global Footprint

Morningstar partners with U.K.-based Greenstone to gather and calculate data from our global facilities and procurement teams to determine our global carbon footprint. To assess and understand Morningstar's total environmental impact, we are building our processes and enhancing our measurement systems.

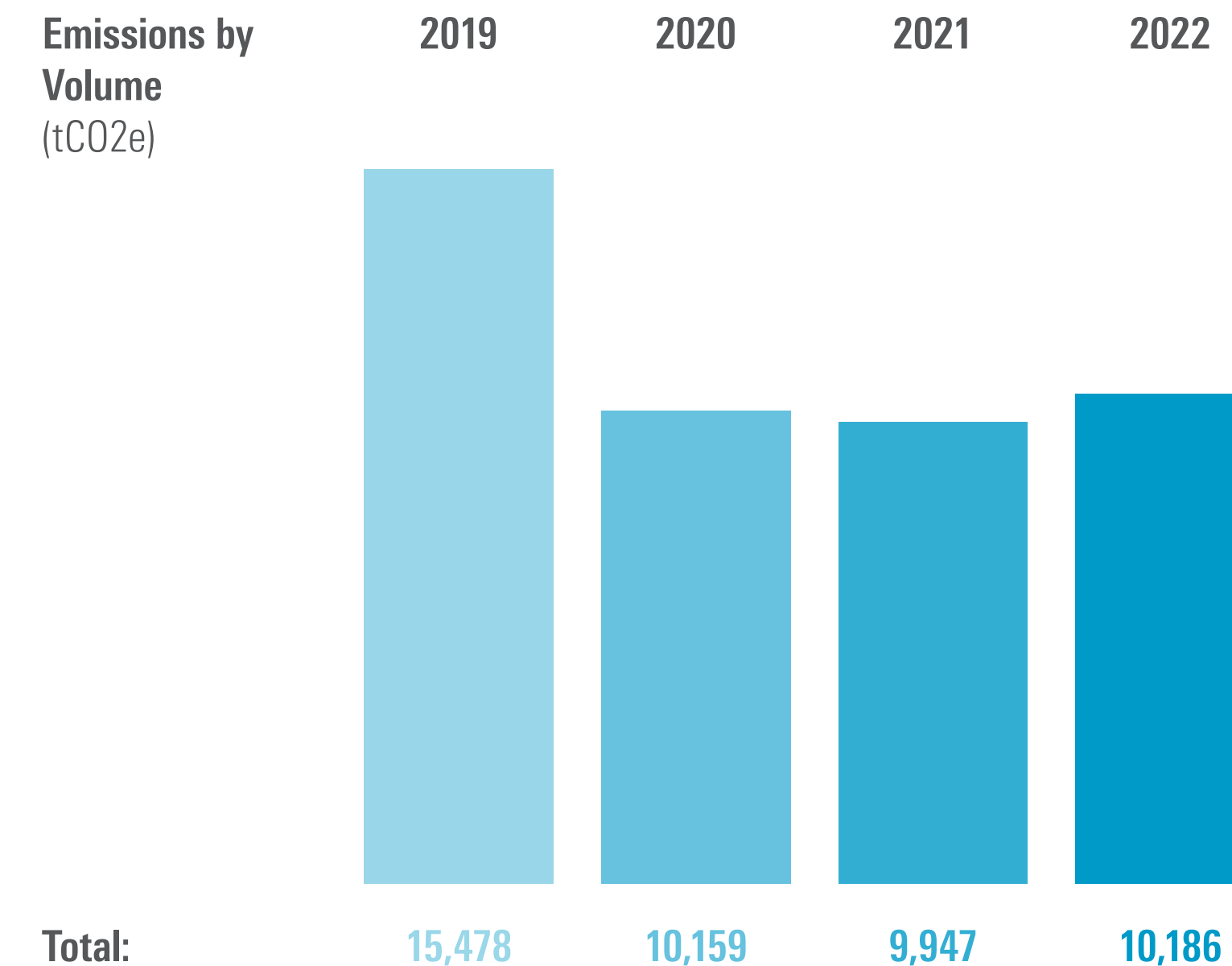
Over the course of 2022, our workplace experienced substantial change. First, Morningstar's business grew substantially, to 12,224 employees from 9,556 in 2021. Our office portfolio expanded to 57 from 54, due in part to several acquisitions. As concerns about the global COVID-19 pandemic eased, constraints loosened and our business travel resumed, increasing our emissions. In 2022, Morningstar's total measured emissions increased to an estimated 10,186 tons of greenhouse gas emissions, or tCO₂e, from 2021's estimated 9,947 tCO₂e. In 2022, our electricity, fuel, and heating consumption was 18,396,601 kilowatt hour, or kWh, with 1,550 kWh per employee. Our data center electricity consumption accounted for 6,947,896 kWh. To contextualize this impact, we normalize our total greenhouse gas emissions relative to Morningstar's revenue. In 2022, a year in which Morningstar's

revenue reached nearly \$1.9 billion, we emitted approximately 5.4 tCO₂e per million dollars compared with 5.9 tCO₂e per million dollars in 2021.

This year, Morningstar conducted a review of our carbon emissions accounting processes, which resulted in improvements in our data collection and emissions calculation methodology. Like all companies seeking to disclose greenhouse gas emissions, Morningstar faces challenges in capturing reliable data in a systematic and auditable way across suppliers and locations, and in engaging with suppliers to report and reduce emissions. As emissions accounting methodologies evolve, we expect that Morningstar's access to data will expand and that our estimations will shift accordingly. At all times, we seek to provide transparency into our current approach and methodologies. We intend to re-examine our historical data and implement the same improvements we made in 2022 to the 2019, 2020, and 2021 estimated emissions.

Morningstar's 2022 estimated emissions represent a measured increase from our 2021 emissions, attributable primarily to an increase in estimated scope 3 emissions.

Emissions by Volume (tCO₂e)



44%

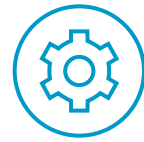
Colleagues who are based in an environmentally certified office space

42%

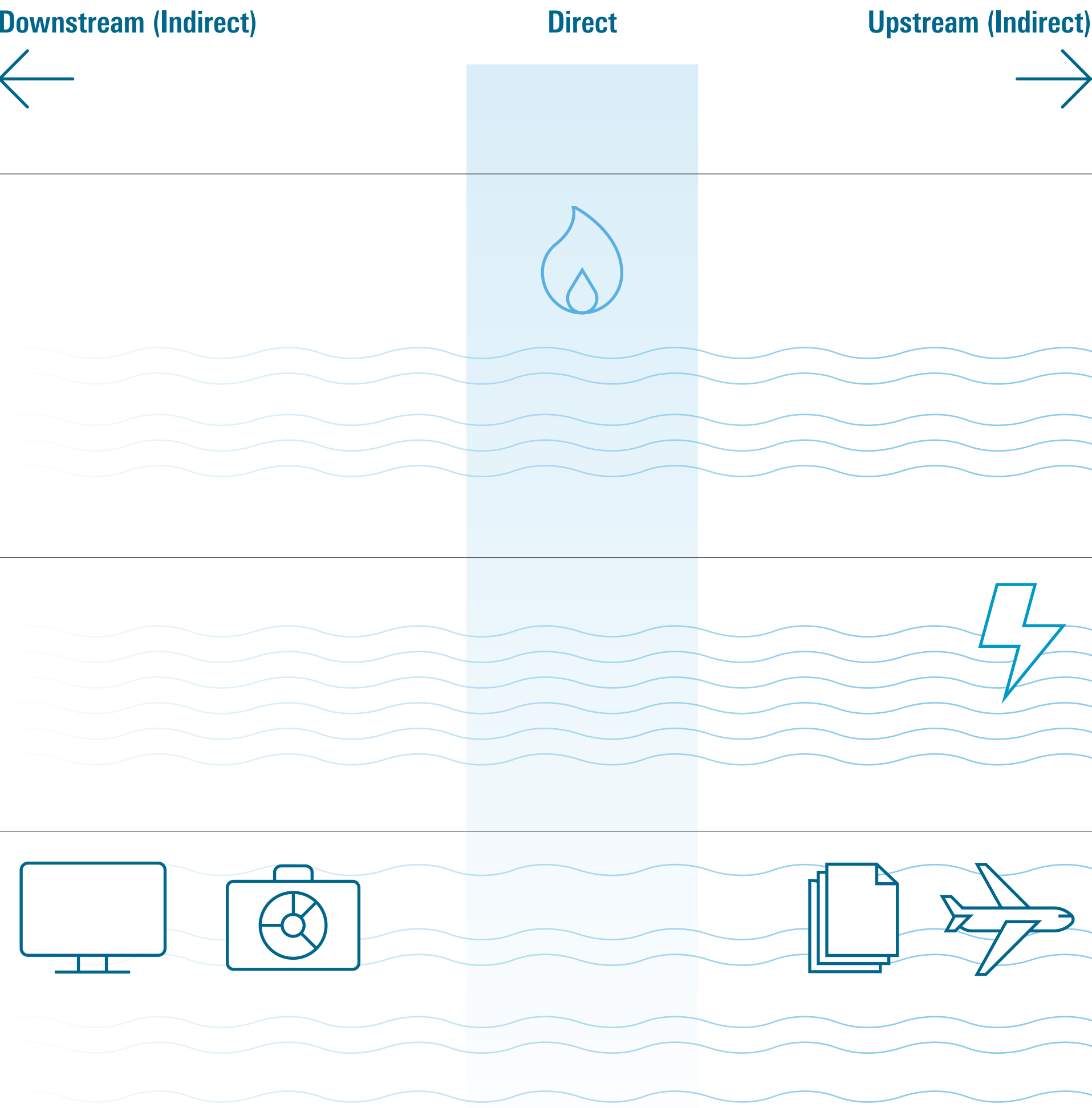
Offices run on 100% electricity

13%

Consumption classified as green tariff energy



Environmental Impact: Scope Breakdown



Scope 1: Direct emissions from company-owned or controlled sources.

Estimated scope 1 emissions declined by 2,286 tCO₂e in 2022 compared with 2021 measured emissions. Only a portion of this apparent decline is due to changes in our fuel purchase and the consumption practices at our office locations, including shifts from fossil fuel to biofuels. The decline is primarily due to improved data collection and data accuracy and increased access to information from landlords. Additional information suggests that the firm will need to restate historical emissions, as we discuss on the previous page.

Scope 2: Purchased electricity, heat, and steam.

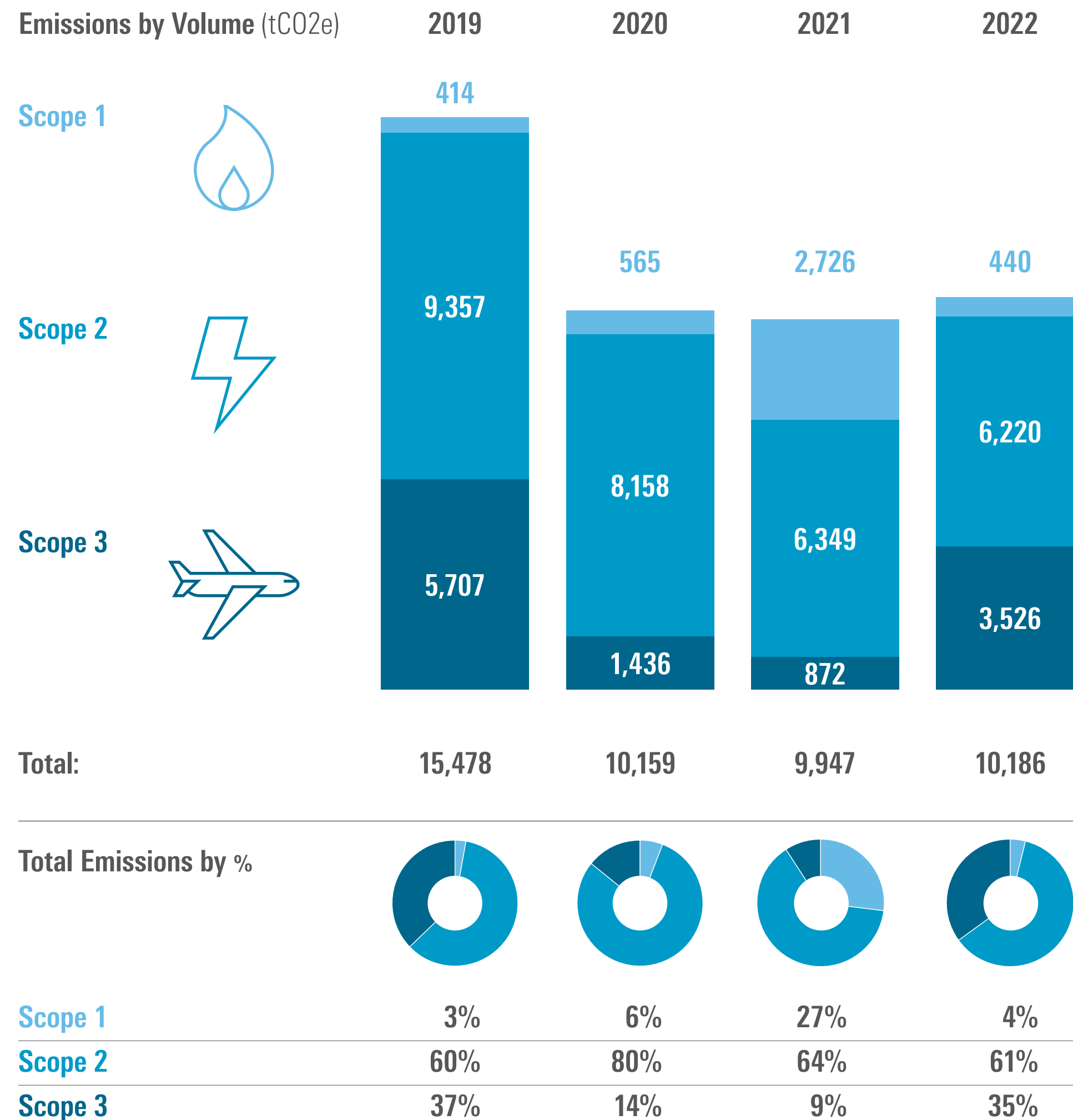
Estimated scope 2 emissions declined by 129 tCO₂e compared with 2021 reporting. Our efforts to migrate data center resources to the public cloud allowed us to reduce on-site electrical demand. Critically, the reduction was also due to our efforts to improve the quality of our data and estimation and grid factor methodology.

Scope 3: Indirect emissions that occur in a company’s value chain.

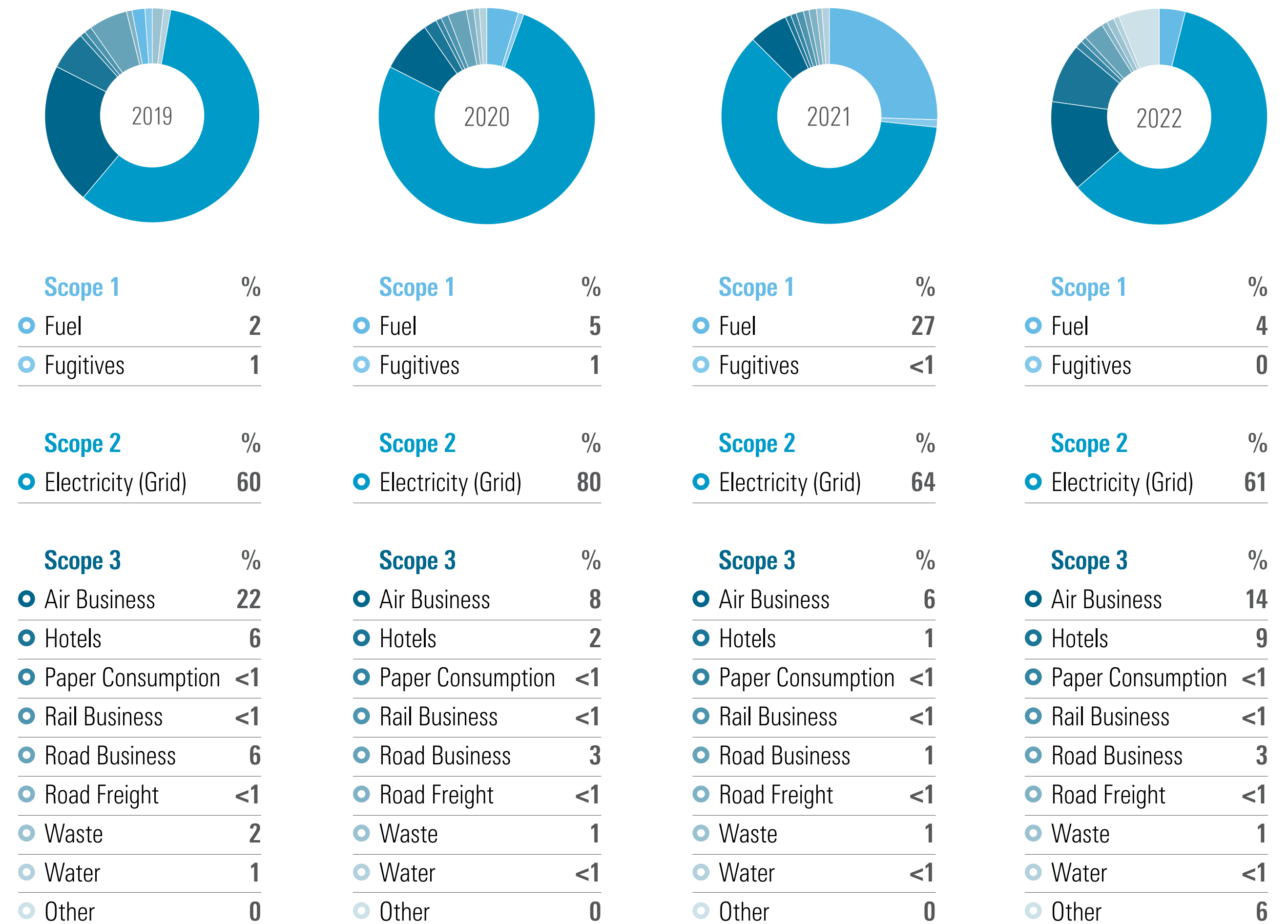
In 2022, estimated scope 3 emissions increased by 2,654 tCO₂e compared with 2021 reporting. Most significantly, this change is due to increased business travel compared with years of higher infection rates of COVID-19, when travel was largely put on pause. As our emissions measurement efforts continue to mature and expand to include more scope 3 categories, we expect to see continued increases in estimated emissions.

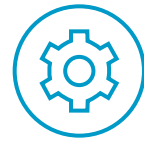


Environmental Impact: Our Contributions



Scope Emission Details





Development of Morningstar's Climate Transition Plan

Morningstar's participation in the Net Zero Financial Service Providers Alliance, part of the larger Glasgow Financial Alliance for Net Zero, means acting quickly to reduce the impact of our business operations by 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 standardized frameworks for measuring our progress, and it requires us to align relevant portions of our product offerings to science-based net-zero targets.

In 2022, Morningstar published its first climate transition plan, a time-bound approach to pivoting the firm's operations, capabilities, and business model toward a trajectory that aligns with the latest and best climate science recommendations in alignment with our net-zero commitments. Morningstar's Climate Transition Plan is part of our firmwide effort to enhance our understanding of climate change, expand our climate research, data, and tools, and drive net-zero capabilities into our product offerings. It also positions us to support investors of all types as they seek to grapple with climate transition and achieve their goals.

The plan reflects 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.
- ▶ Morningstar commits to regular, annual reporting on progress.
- ▶ Morningstar will work with other member firms to define product parameters relevant to net-zero transition plans.

Our climate transition plan 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.

Our Support for Carbon Markets

Net-zero commitments and transition planning require investment in carbon market expertise and a deep understanding of the power and limits of carbon offsetting practices. Last year, Morningstar entered into an agreement with Chicago-based Climate Vault, designed to offset the scale of our measured 2019 emissions; in 2022, we partnered with the firm to approximate our 2021 emissions.

Offsetting is a nonbinding commitment to balance a firm's past carbon-emitting activities through investment in carbon-reduction activities. Traditional voluntary offsets such as forestry, methane capture, and clean cookstove projects have long struggled with credibility issues stemming from inadequate oversight, lack of measurability, and inconsistent third-party verification.



BUSINESS OPERATIONS

Climate Vault purchases carbon permits from cap-and-trade compliance markets in proportion to our carbon emissions, measured in tons. These permissions are then “vaulted,” limiting their availability to emitters who are not able to purchase them. Because the number of permits is capped in North America, this decreases the amount of global carbon dioxide pollution allowed by government regulators. Crucially, Climate Vault works in regulated markets and provides the transparency of market pricing.

Our New Space in Amsterdam Hoogoorddreef

With the extensive growth of our team in Amsterdam recently, Morningstar saw an opportunity to think differently about how we managed the building renovations needed to support the increased number of employees returning in-person, both safely and sustainably. Rather than starting from scratch and rebuilding the space completely, Morningstar workplace design adopted a more sustainable approach with minimal intervention. This approach included leasing workstation furniture instead of buying new, having furniture delivered in recyclable boxes rather than using plastic materials, incorporating acoustic panels made from a renewable source, and adding thermostats to provide greater energy consumption accuracy. While this specific project is a short-term initiative for Morningstar, sourcing more sustainable ways to renovate workspaces is something we will continue developing on our journey to achieving net zero by 2050.



Case Study

Chicago Composting

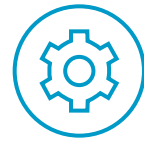
This summer, Morningstar's Chicago office began offering compost services to employees on site. The Morningstar Sustainability Network (also known as SUN) is an Employee Resource Group committed to uniting employees who are dedicated to engaging with environmental and social sustainability issues. SUN partnered with the Chicago facilities team and building management to implement composting zones on each office floor.

The project began with small receptacles on each floor and quickly responded to demand for a larger composting option in our main café. Morningstar's Design colleagues also supported these efforts by producing educational signage to inform employees on how to sort their waste, recycling, and composting properly. Findings of a recent waste audit reported Morningstar employees are practicing good habits throughout the space, and most of the waste generated during the audit period was disposed of in the correct waste stream.

Composting not only reduces emissions but also combats climate change by allowing healthier plant growth and water conservation.

According to the World Wildlife Foundation, about 6%-8% of greenhouse gas emissions come from wasted food. Composting not only reduces these emissions but also combats climate change by allowing healthier plant growth and water conservation, among other benefits. Our offices in Amsterdam, Bucharest, London, Shenzhen, Sydney, and Toronto already process food waste efficiently, in alignment with applicable local recycling methods. Small efforts like this contribute to a better workplace for all.

Members of the SUN Employee Resource Group gather for the first day of composting at the Chicago office.



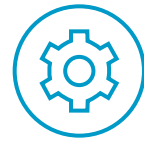
Sustainability in the Supply Chain

This topic is prioritized by our employees and stakeholders

Our impact extends further than our own operations; it also includes the suppliers with whom we work. We seek to integrate key sustainability datasets into our supply chain management systems in order to better understand the sustainability practices of our largest suppliers, including issues pertaining to DEI, governance, human rights, environmental management, and data and information security.



Morningstar London office, 1 Oliver's Yard, London EC1Y 1HQ.



Policies in Practice

Morningstar’s Supplier Code of Conduct includes guidance on supplier commitment to environmental practices, human and labor rights, ESG scoring, use of personal data, and other sustainability considerations. Our supplier policies and codes detail expectations for new and existing suppliers in areas of priority for Morningstar, allowing us to determine suppliers that meet our standards. Morningstar’s internal Global Travel Policy provides guidance to our employees embarking on business travel to make sustainable choices while seeking to simultaneously prioritize safety and efficiency during travel. This guidance includes, but is not limited to, detailed advice on booking lodging that is Leadership in Energy and Environmental Design (LEED) or Green Seal Certified, prioritizing rail over air travel when efficient, and selecting economy class when flying as appropriate. By providing guidance in our policies, we aim to put sustainability into practice across the entire firm.

Data Security in the Supply Chain

Our responsibility to safeguard data extends to the vendors we use to support our business. To ensure that our suppliers/vendors meet our data security standards, Morningstar

operates a third-party risk program. We review vendors and subcontractors to identify potential risks in their security practices, both before entering into a contractual relationship as well as throughout the course of the relationship. During 2022, Morningstar increased the number of suppliers covered through the Vendor Due Diligence process by 239 from the prior year, totaling 381 suppliers. We will continue to process vendors through the third-party risk program in future years.

Examining Our Supply Chain Data

Currently, 6% of Morningstar’s critical and high priority suppliers are considered diverse suppliers,^{xii} and 46% have a public climate commitment.^{xiii}

Looking Forward

Like other financial-services providers, measuring sustainable practices outside our direct control is critical to our ability to meet our commitment to building a sustainable business. We are working to bridge the gap in our supply chain data in anticipation of increased reporting requirements and enhanced regulatory standards. In 2023, we expect to adopt an enhanced framework for supplier engagement and to expand our review of existing suppliers.

6%

Critical and high-priority suppliers who are considered diverse suppliers

46%

Critical and high priority suppliers who have a public climate commitment



Sustainability Data & Appendix

Sustainability Data: People and Workplace

Sustainability Data: Governance

Sustainability Data: Business Operations

Endnotes



Sustainability Data & Appendix

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 believe that diverse teams make better

decisions, and contend that a collective mixture of different backgrounds, beliefs, and experiences makes Morningstar a stronger firm. 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.



People and Workplace

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 Sustainability Accounting Standards Board (SASB): SASB SV-PS-330a.1, SV-PS-330a.2, SV-PS-330a.3; and Global Reporting Initiative: GRI 102-8, 405-1, 404-3, 401-1b, 405-2. These datasets 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 2022 data. In certain cases, we have included 2019-21 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.

Material topics

- ▶ **Employee Engagement**
- ▶ **Diversity, Equity, and Inclusion**

Additional topics prioritized by employees and stakeholders

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



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Employee Engagement</div><div>MEI.13 Human Capital</div></div>	Employee Engagement	73%	80%	81%	80%	36
	Percentage of colleagues who report feeling motivated to go above and beyond what’s expected of their role	—	85%	86%	84%	35
	Percentage of colleagues who report being comfortable asking other members of their team for help	—	92%	92%	94%	35
	Percentage of colleagues who report understanding how their work is connected to the company strategy	—	87%	88%	89%	35
	Great Place to Work Score	—	81	84	88	35
	Percentage of colleagues who are shareholders through a compensation or benefit program	—	32%	31%	29%	35



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Employee Engagement</div><div>MEI.13 Human Capital</div></div>	Employee Turnover Rate	—	12%	18.5%	18.9%	36
	Voluntary Turnover Rate	—	—	17.1%	15.8%	36
	Involuntary Turnover Rate	—	—	1.4%	3.1%	36
	Turnover By Gender	—	—	—	18.8% Male 18.6% Female	36
	Turnover By Underrepresented Minority (URM) vs. Non-Underrepresented Minority (NURM)	—	—	—	17.4% URM 15.8% NURM	36



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div>Employee Benefits</div>	Percentage of U.S. employees who have completed the U.S. wellness incentive program	—	76%	97%	90%	39
	Percentage of eligible employees taking advantage of sabbatical	29%	19%	24%	44%	39
	Number of eligible employees taking advantage of sabbatical	472	319	457	700	39
MEI.13 Human Capital	Percentage of employees taking advantage of shared ownership	—	16%	18%	17%	39



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Diversity, Equity, and Inclusion</div><div>MEI.13 Human Capital</div></div>	Percentage of female compared with male colleagues (full organization)	—	42%	42%	41%	41
	Percentage of female compared with male colleagues (senior leadership)	—	31%	23%	23%	42
	Percentage of female compared with male colleagues (entry-level or midlevel roles)	—	42%	43%	45% Entry-level 37% Midlevel	42
	Gender identity in executive management	—	—	—	87% Male 13% Female	42
	Racial identity of colleagues in U.S. region	—	68% White 21% Asian 4% Hispanic 3% Black 3% Two or more races 1% Preferred to not answer	68% White 22% Asian 5% Hispanic 3% Black 2% Two or more races	66% White 22% Asian 5% Hispanic 4% Black 3% Two or more races	44



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Diversity, Equity, and Inclusion</div><div>MEI.13 Human Capital</div></div>	Racial identity of colleagues in Canada region	—	—	—	35% South Asian, 30% White, 12% Chinese, 6% Arab/West Asian, 5% Black, 4% Latin American, 4% Southeast Asian, 4% Other	44
	Percentage of females in Investment Research	—	—	—	42%	43
	Percentage of females in Data Management	—	—	—	44%	43
	Percentage of females in Technology	—	—	—	24%	43
	Percentage of females in Client Facing Roles	—	—	—	42%	43



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Diversity, Equity, and Inclusion</div><div>MEI.13 Human Capital</div></div>	Percentage of females compared with males on the board	—	40%	50%	50%	41
	Percentage of female committee chairs compared with males	—	33%	33%	33%	41
	Number of employee nationalities	—	87	100	116	46
	Number of languages spoken	—	32	34	37	46
	Racial identity in executive management (U.S.)	—	—	—	85% White, 15% Asian	45
	Racial identity in senior leadership (U.S.)	—	—	—	84% White, 14% Asian, 1% Hispanic, 1% Two or more races	45
	Racial identity in midlevel roles (U.S.)	—	—	—	68% White, 22% Asian, 5% Hispanic, 3% Black, 2% Two or more races	45
	Racial identity in entry-level roles (U.S.)	—	—	—	61% White, 22% Asian, 6% Hispanic, 7% Black, 4% Two or more races	45



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Diversity, Equity, and Inclusion</div><div>MEI.13 Human Capital</div></div>	Compensation pay gap between male & female employees (unadjusted)	—	—	68.5%	75.7%	48
	Compensation pay gap between male & female employees (adjusted)	—	—	97.1%	98.8%	48
	Compensation pay gap between underrepresented minorities (URM) and non-under-represented minorities (NURM) in the U.S. (unadjusted)	—	—	79.2%	77.8%	48
	Compensation pay gap between URM & NURM in the U.S. (adjusted)	—	—	95.9%	99.1%	48
	Dollar amount spent on pay equity compensation increases	—	—	Over USD 1.5M	Over USD 490K	47
	Number of employees who received a pay increase because of the adjusted pay gap analysis	—	—	420 employees	76 employees	47
	Percentage of employees in each major region	—	—	34% India, 31% U.S., 10% Continental Europe, 9% China, 6% Canada, 6% U.K., and remainder in Australia, Asia, and other regions	39% India, 35% Americas, 17% EMEA, 6% China, 3% APAC (ex IND/CHN)	46



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Training, Education, and Career Development</div><div>MEI.13 Human Capital</div></div>	Cost associated with education programs and mentorship per number of employees	—	Over USD 590	USD 453	USD 481	—
	Percentage of eligible employees who received a formal talent review	—	96%	98%	97%	50
	Percentage of employees who believe Morningstar is committed to their career development	—	77%	75%	78%	50
	Number of Morningstar Scholars	—	75	80+	90	50
	Global education stipend spend	—	USD 1.3M	USD 1.7M	USD 2.4M	50



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div>Training, Education, and Career Development</div>	Percentage of employees using educational stipend	—	49%	46%	54%	50
	Employees who have completed a CFA level 1, 2, or 3 credential	—	199	304	636	—
	Morningstar Development Program entry-level metrics by gender identity	—	43% Male 57% Female	43% Male 57% Female	37% Male 63% Female	51
	Number of Trellis Self-Learning Modules	—	—	—	Over 19,000	50
	Number of Morningstar Development Program (MDP) members and growth from 2021	—	—	—	2,008, increase of 548%	51
	Global breakdown of MDPs by region	—	—	—	84% India, 14% U.S., 1% Canada, 1% Spain	51



People and Workplace

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Community Engagement</div><div>MEI.13 Human Capital</div></div>	Total employee donations, company matched donations, and Morningstar donations	—	Over USD 1.0M	Over USD 1.7M	Over USD 2.2M	54
	Percentage of employees who were matching gift participants	—	—	51%	53%	54
	Percentage of employees who volunteered in 2022	—	—	—	41%	54
	Number of global volunteer week projects	—	—	—	Over 120	55
	Percentage of employees who feel good about the ways that we contribute to the community	—	—	—	82%	54
	Percentage of Morningstar involvement in community vs. industry average	—	—	—	67% Morningstar 33% Industry Average	54



Governance

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, 102-17, 102-23, 102-22, 405-1, 415-1, and SASB: SV-PS-501a.2, SV-PS-230a.2. These datasets 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 2022 data. In certain cases, we have included 2019–21 data for purposes of comparison.

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, and so on—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.

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
- ▶ Stakeholder Governance

These six pillars represent foundational structures for the management of ESG risks.

Material topics

- ▶ Governance Structure and Oversight
- ▶ Business Ethics



Governance

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Governance Structure and Oversight</div><div>MEI.0 Corporate Governance</div></div>	Board member tenure	—	4 people , 0–5 years 1 person , 6–10 years 1 person , 11–15 years 4 people , over 15 years	4 people , 0–5 years 2 people , 6–10 years 1 person , 11–15 years 3 people , over 15 years	4 people , 0–5 years 2 people , 6–10 years 1 person , 11–15 years 3 people , over 15 years	61
	Board members’ average age and age range	—	60.6 average age 39–73 age range	59 average age 40–70 age range	60 average age 41–71 age range	61
	Board gender distribution	—	40% Female 60% Male	50% Female 50% Male	50% Female 50% Male	61
	Percentage of ethnically diverse board members	—	20%	30%	30%	61



Governance

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div>Business Ethics</div> <div>MEI.04 Business Ethics</div>	Percentage of company employees that have certified their review of the Code of Ethics	—	95%	94%	88%	66
	Percentage of employees who report that acting ethically and with integrity on the team takes priority over achieving business results	—	85%	87%	88%	66
	USD amount of monetary losses as a result of legal proceedings associated with professional integrity	Information regarding any significant legal proceedings is published in Morningstar’s Annual Report on Form 10-K.				—



Business Operations

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 help 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 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 consistent with external standards for reporting, such as the Global Reporting Initiative's framework. In this area, data we have reported is

consistent with GRI: 305-1, 305-2, 305-3, and 305-4, which relate to greenhouse gas emissions as a direct or indirect result of a company's consumption of energy and resource efficiency relative to economic value. Our report covers 2022 data. In certain cases, we have included 2019–21.

Data and Information Security

We also recognize our responsibility to safeguard our stakeholder's information and have structured our organization to protect all data pertaining to our clients, colleagues, and partners. Our dedicated Information Security team is responsible for operating the firm's comprehensive information security program. Morningstar also maintains a privacy program designed to manage the privacy of customers' personal data. As a firm rooted in transparency, we are disclosing our number of data incidents this year. We believe that our proactive security measures allow us to properly assess potential data incidents and mitigate harm in the aftermath.

Our reporting in this area draws on Sustainalytics' materiality work. We disclose data and information similar to/consistent with external standards for reporting including SASB: SV-PS-230a.1, SV-PS-230a.2, and SV-PS-230a.3, and GRI: 418-1.

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.

Material topics

► Data and Information Security

Additional topics prioritized by employees and stakeholders

- Environmental Impact
- Sustainability in the Supply Chain



Business Operations

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div><div>Data and Information Security</div><div>MEI.18 Carbon — Own Operations</div></div>	Number of noteworthy security incidents	—	—	1	0	71
	Number of impacted parties that needed to be informed on an incident	—	—	2	0	71
	Percentage of noteworthy security incidents that involved customers’ confidential business information or personally identifiable information	—	—	100% (one incident)	0%	71
	Percentage of application-based revenue protected during disaster recovery testing	—	—	95%	83%	70
	Percentage of DR tests that were successful	—	—	97%	96%	70



Business Operations

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div>Environmental Impact</div> <div>MEI.18 Carbon — Own Operations</div>	Total amount of scope 1 CO ₂ equivalents	414	565	2,726	440	75
	Total amount of scope 2 CO ₂ equivalents	9,357	8,158	6,349	6,220	75
	Total amount of scope 3 CO ₂ equivalents	5,707	1,436	872	3,526	75
	Total greenhouse gas emissions per output scaling factor	12.9 tCO ₂ e per USD million in revenue	7.3 tCO ₂ e per USD million in revenue	5.9 tCO ₂ e per USD million in revenue	5.4 tCO ₂ e per USD million in revenue	73
	Total kWh	—	—	27,505,441	18,396,601	74



Business Operations

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div>Environmental Impact</div>	kWh per employee	—	—	3,054	1,550	73
	Data center energy consumption	—	—	2,722,295 kWh	6,947,896 kWh	73
	Percentage of employees based in environmentally certified office space	—	—	42%	44%	73
<div>MEI.18 Carbon — Own Operations</div>	Percentage of offices run on 100% electricity	—	—	—	42%	73
	Percentage of consumption classified as green tariff energy	—	—	—	13%	73



Business Operations

Material Issue	Metric	2019	2020	2021	2022	Page No. Reference
<div>Sustainability in Supply Chain</div>	Percentage of critical and high-priority spend suppliers with public climate commitments	—	—	—	46%	80
	Percentage of critical and high-priority spend suppliers that are a certified minority and women owned business (MWOB) status	—	—	—	6%	80
MEI.18 Carbon — Own Operations	Percentage change of the suppliers covered in the Vendor Due Diligence Process from the previous years, and total number of suppliers covered in the process	—	—	112% increase in suppliers covered from 2020 to 2021, 142 total vendors covered in the VDD process	168% increase in suppliers covered from 2021 to 2022, 381 total vendors covered in the VDD process	80



Endnotes

- i

The data reflected in this report is as of Dec. 31, 2022, unless otherwise noted.
- ii

Readers are cautioned that our actual future results may vary significantly from what we expected and that terminology used herein may not be comparable to similarly titled measures reported by other companies or by Morningstar in other contexts.
- iii

Employee engagement data is collected via our quarterly employee “Pulse Survey.” The survey is optional to complete but is representative of the full-population base of our global business.
- iv

Wellness screenings are conducted in the fourth quarter of 2022 and effective for the 2023 calendar year.
- v

Gender data is calculated based upon permanent, full-time employees globally.
- vi

Any employees without a recorded gender classification (less than 0.5% of the global population) are excluded from this analysis.
- vii

Any employees without a recorded race/ethnicity classification (less than 6% of the U.S. population) are excluded from this analysis.
- viii

Employees who have joined the company through recent acquisitions are not immediately available to be included in our analysis but are included as soon as is feasible.
- ix

Based on data that we compile for government-reporting purposes, approximately 88% of our U.S. employees are white or Asian, and both those groups at our company exceed their percentage share of the U.S. population, according to census data. We call these groups our non-under-represented minorities. All other categories of race or ethnicity measured by our U.S. Equal Employment Opportunity Commission data are referred to as “underrepresented minorities.”
- x

Morningstar’s corporate giving platform, Benevity, provides a benchmark assessment of other firms in the same industry. This measure, provided by Benevity, details Morningstar’s community involvement compared with other financial-services firms.



Endnotes

- xi**

Greenstone utilizes definitions and abbreviations for scope guidance as provided by GHG Protocol. Scope 1 emissions are defined as emissions from operations that are owned or controlled by the reporting company. Scope 2 emissions are defined as indirect emissions from the generation of purchased or acquired electricity, steam, heat, or cooling consumed by the reporting company. Scope 3 emissions are defined as all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
- xii**

A supplier that is at least 51% owned by women, minorities, individuals with disabilities, LGBTQ, or veterans; or that is a small business (as defined by U.S. Small Business Administration or similar organization).
- xiii**

Critical and high-priority spend suppliers were determined based on 2021 spend and limited to Morningstar, Inc. legal entity spend with U.S.- and Canada-based suppliers. Lease, benefit, and insurance service suppliers were excluded from the analysis. Suppliers without contact information were excluded from the analysis. Critical and high-priority spend suppliers are defined as suppliers with \geq USD 400,000 in spend. Minority-and women-owned business status was determined through inquiry with the population identified above. Public climate commitments were determined through primary and secondary research.



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