



Morningstar Index Subcommittee of the Nominating and Corporate Governance Committee of the Morningstar, Inc. Board of Directors

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Governance Committee
July 31, 2020

Introduction

The purpose of the Index Subcommittee (the “Subcommittee”) of the Nominating and Corporate Governance Committee (the “NCGC”) is to assist the board of directors (the “Board”) of Morningstar, Inc. (“Morningstar”) in its oversight of the governance, strategy and operations of the index business of Morningstar (the “Index Business”). The Index Business is operated by members of Morningstar’s staff who are subject matter experts. They have formed: an Index Methodology Committee (the “Methodology Committee”), which provides oversight for all new index development and index methodology changes, an Index Oversight Committee, which is separate and independent from the Index business and provides independent oversight of all aspects of the governance of benchmark administration as required by the EU Benchmark Regulation (the “Oversight Committee”), and an Index Product Committee, which is composed of Research, Client Service and Operations leaders who have significant backgrounds in research, index development and index methodology and provides oversight of the creation and maintenance of all Morningstar branded Indexes (the “Product Committee”). The Methodology Committee, the Oversight Committee and the Product Committee are collectively referred to as the “Index Governance Committees.” The Index Business is managed on a day-to-day basis by the Managing Director of Indexes. The NCGC’s Charter permits the creation of the Subcommittee.

Subcommittee Responsibilities

1. Review the adequacy and completeness of the Index Business governance framework, including the charters of the Index Governance Committees and any policy statements relating to index governance.
2. Review the agendas and outputs of the Index Governance Committees to ensure that they are operating effectively.

3. Provide guidance on the opportunities and challenges in the Index Business to the Board and the leadership of the Index Business.
4. Receive reports from the leadership of the Index Business on its compliance with applicable laws and regulations and recommend actions in relation to such compliance.
5. Review and reassess the adequacy of this charter annually and recommend any changes to the NCGC.
6. Perform such other duties and responsibilities, consistent with this Charter.

This Charter may be amended or modified only with the majority approval of the full NCGC.

Subcommittee Members

The Subcommittee will consist of all members of the NCGC, acting as a committee of the whole. The NCGC shall appoint the Chair of the Subcommittee. The NCGC is responsible for removing and adding members and can do so at any time. Appointments to the Subcommittee, including the Chair of the Subcommittee, shall conform to Morningstar's by-laws, the NCGC's Charter and this Charter, and applicable laws and regulations, as appropriate under the circumstances.

The Subcommittee will have a Chair, who will be responsible for, with input from the other members of the Subcommittee, calling, establishing agendas for, and supervising the Subcommittee meetings. The Chair will report to the Chief Executive Officer of Morningstar and the Managing Director of Indexes the actions and recommendations of the Subcommittee.

Meetings

The Subcommittee will meet at least bi-annually in person or by telephone. It may meet separately or jointly with the NCGC or the Board. It may meet more frequently, if the Subcommittee deems it necessary to comply with the responsibilities defined in this Charter.

The Subcommittee shall have the authority to establish its own rules and procedures consistent with Morningstar's by-laws for notice and conduct of its meetings should the Subcommittee, in its discretion, deem it desirable to do so. A majority of the members of the Subcommittee shall constitute a quorum for the transaction of business and the action of a majority of the members present at any meeting at which there is a quorum shall be the act of the Subcommittee. Unless otherwise stated herein or established by the Subcommittee, the Subcommittee shall be governed by the same procedural rules, including rules regarding meetings, actions without meetings, notices, and waivers of notice, as are applicable to the NCGC. The Subcommittee may also take any action permitted in this Charter by unanimous written consent.

The Subcommittee may request any officer or employee of Morningstar or Morningstar's outside legal counsel to attend a Subcommittee meeting or to meet with any members of, or consultants to, the Subcommittee.

The Subcommittee shall have the funding, resources, and authority appropriate to fulfill its responsibilities, including the authority to retain and utilize the services of Morningstar's regular counsel and advisors with respect to matters within its purview or, at its discretion, retain outside counsel and other advisors if it determines that such counsel or advice is necessary or appropriate under the circumstances. Any communications between the Subcommittee and legal counsel in the course of obtaining legal advice⁴ will be considered privileged communications of Morningstar, subject to the Subcommittee taking the necessary steps to preserve the privileged nature of these communications.

The Subcommittee will keep adequate minutes of its proceedings and shall maintain copies of such minutes and each written consent to action taken without a meeting.