

Enterprise Sustainability

Corporate  
Sustainability  
Report

2023



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## A Message From Kunal Kapoor



Kunal Kapoor, Morningstar CEO.

Dear Colleagues, Board Members, and Stakeholders,

At Morningstar, we remain convinced that promoting transparency, increasing access to useful data, and supporting investor choice is integral to our mission to empower investor success. Investors seek access to information that can help them assess management skill, corporate strategy, and a company's prospects for the future. Sustainable investing hit speed bumps in 2023—the year was characterized by divergent views around ESG in the US and Europe—but corporate management practices on sustainability broadened in most markets, and we saw a global push toward personalized investment offerings. These trends continue to drive a proliferation of use cases for sustainability and ESG data.

Morningstar advocates for a long-term view and, while the specifics remain uncertain, I believe portions of ESG data will eventually be integrated into financial statements around

Morningstar advocates for a long-term view and, while the specifics remain uncertain, I believe portions of ESG data will eventually be integrated into financial statements around the globe.

the globe. Today, more than 70% of large, public companies disclose their emissions data. Simple metrics like carbon emissions per employee and gender distribution in leadership roles may not be groundbreaking, but they offer easily understood and comparable insights into a company's workplace, its efficiency, and its measurable shifts over time. They give investors insight into how firms are managing risk and information in an uncertain future. Importantly, they also create a shared language across internal teams, such as finance, procurement, facilities, sales, and human resources—one that advances conversations around management strategy and trade-offs.

The year's onslaught of heat, floods, and fires brought more personal perspectives to climate risk. We see investors using climate data as a critical factor in assessing a company's positioning for the future. At the second annual Morningstar Sustainable Investing Summit this past October, institutional investors and corporate issuers held widespread agreement about the positive trajectory of climate data quality but also about the significant gap in market preparedness for the climate transition. Our new climate data, research, and solutions are designed to evaluate the size of this gap at the issuer level. In fact, we use this same data and framework to assess our own firm's



environmental programs against ambitious climate goals. And we remain focused on transparency: This year, we're publishing our first Taskforce for Climate-Related Financial Disclosures report, offering detailed insight into climate risks inherent in our business and our strategy for managing them.

This year, we also continued to emphasize work on one of Morningstar's most material ESG topics: human capital management. Our sustained focus on minimizing our global gender and US racial pay gaps earned us recognition as a Fair Pay-certified organization by the Fair Pay Workplace. Transparency drives progress, and our commitment to our employees means tackling tough topics using ESG data, such as equity in compensation data.

It's going to be a challenging road ahead. The market is shifting from rewarding monitoring and disclosure to demanding measurable progress in areas that investors deem critical to a sustainable global economy. This is, naturally, the most difficult part of the sustainability life cycle. At Morningstar, we are holding ourselves

accountable, making decisions that will set us up for business resilience and continuing value creation.

Sincerely Yours,



**Kunal Kapoor**  
Chief Executive Officer



## A Conversation With Joe Mansueto



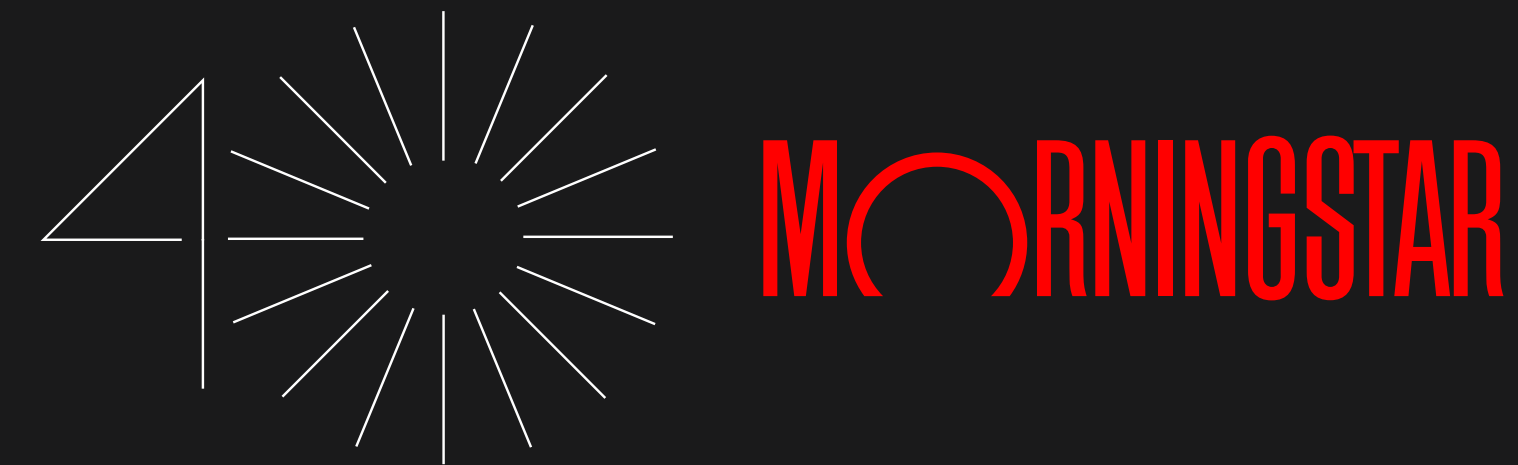
Joe Mansueto, Morningstar founder and executive chairman.

*Joe Mansueto, Morningstar founder and executive chairman, discusses the company's evolution and the role that transparency and sustainability have played in the firm's history, culture, and position in the industry.*

**In 2024, Morningstar celebrates its 40th anniversary. The core elements of Morningstar's culture and mission focused on empowering investor success and embracing transparency remain steadfast. Over the years, how has Morningstar preserved its mission while expanding its business?**

From the beginning, we've had a singular focus on helping investors achieve better outcomes. Our clear focus has guided us over the past 40 years. We've expanded our business from USD 100,000 in year one to over USD 2 billion today by working to continually identify investor needs and developing innovative solutions to meet them.

We also expanded our audiences and global reach. Our initial audience was the individual



investor, and then financial advisors. Once we established this core client base, institutions wanted to work with us. Why? Because their end investors were using our data and research to make their investment decisions. So, we developed solutions for institutional investors. And now, no matter where an investor is located, they can use Morningstar research, data, and tools to make decisions.

Additionally, our culture is one of Morningstar's greatest assets. One of the biggest shifts I've noticed is with our colleagues early in their careers. They have great concern for our company's impact on the broader world. They

are attracted to our mission of helping investors and are keenly interested in preserving this mission and growing it, while also contributing to the communities where we operate.

**What are the sustainability topics that you consider particularly important as we continue to grow the business?**

It's important that we develop a uniquely Morningstar view on sustainability. Too many companies pursue a "check-the-box" approach to sustainability that doesn't seem genuine to me. We are Morningstar—we stand for something, and we think independently. We've redefined investment research with our own



It's important that we develop a uniquely Morningstar view on sustainability. Too many companies pursue a 'check-the-box' approach to sustainability that doesn't seem genuine to me. We are Morningstar—we stand for something, and we think independently. We've redefined investment research with our own market sectors, style boxes, and ratings. We need to do the same with sustainability.



market sectors, style boxes, and ratings. We need to do the same with sustainability.

One key area of sustainability focus, for me, is our people. Our workforce drives our business, and we must empower the best talent to create innovative investment solutions so that we stay relevant and vital to investors.

We must have an inclusive culture that attracts top talent from all backgrounds; a diverse colleague base makes us stronger, and we need

a workplace that supports this. People want to work in firms that are ambitious, do meaningful work, and get things done. So, we need to continue to pursue our mission with vigor and high ambition to attract talent that makes people excited about their careers.

Governance is another key aspect of sustainability. Like our approach in serving all investors, our aim is to treat all of Morningstar's owners equally; all shareholders get the same

information, at the same time, and no investor, regardless of their size, gets "special access" to management.

**What do you perceive as Morningstar's role in addressing the needs of sustainability-minded investors?**

I believe our role in the sustainable-investing marketplace is not to tell investors what they should use or what their values should be. Rather, our role is to provide unbiased data

and research so that investors can infuse their values into their investment decisions in an informed way if they so choose. We continue to engage with investors to make sure we're gathering and analyzing ESG data that is relevant to them. ESG data is not as well-developed and readily available as financial data. So, we need to work hard to gather and verify ESG data from a wide variety of sources to provide the best context for value-oriented investor decisions.



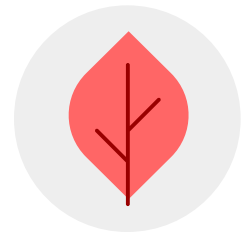
## Commitment to Sustainability

At Morningstar, our mission is to empower investor success. We are committed to operating with sustainable business practices. This commitment shapes a variety of efforts across the firm, including providing sustainable-investing data and products to investors.<sup>1</sup>



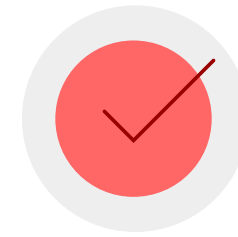
Morningstar colleagues enjoying the patio at the Chicago headquarters.





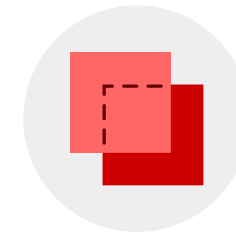
### **Sustainable-Investing Choices for All Investors**

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



### **Sustainable Practices Within Our Firm**

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



### **Embracing Transparency and Global Standards**

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

## Morningstar's Support for Sustainability Initiatives

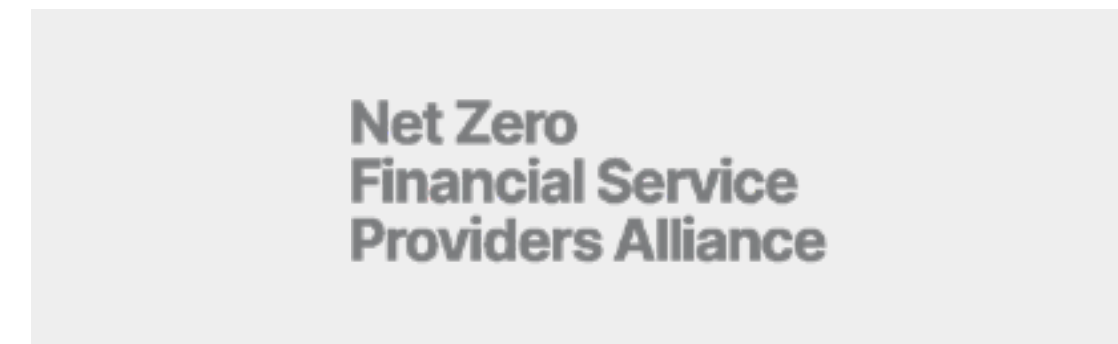
Morningstar participates in sustainability-related global initiatives that look to current and potential impact by organizations on people, communities, and the planet. We consider these initiatives important to creating sustainable business practices and promoting global environmental health, social responsibility, and sound corporate governance.

### U.N. Global Compact



As a participant in the United Nations Global Compact, Morningstar supports the 10 universal principles to promote progress 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, which were designed to address the world's most crucial challenges relating to the environment, the economy, and society. To see our alignment with relevant SDG indicators, visit the appendix of this report.

### Net Zero Financial Service Providers Alliance



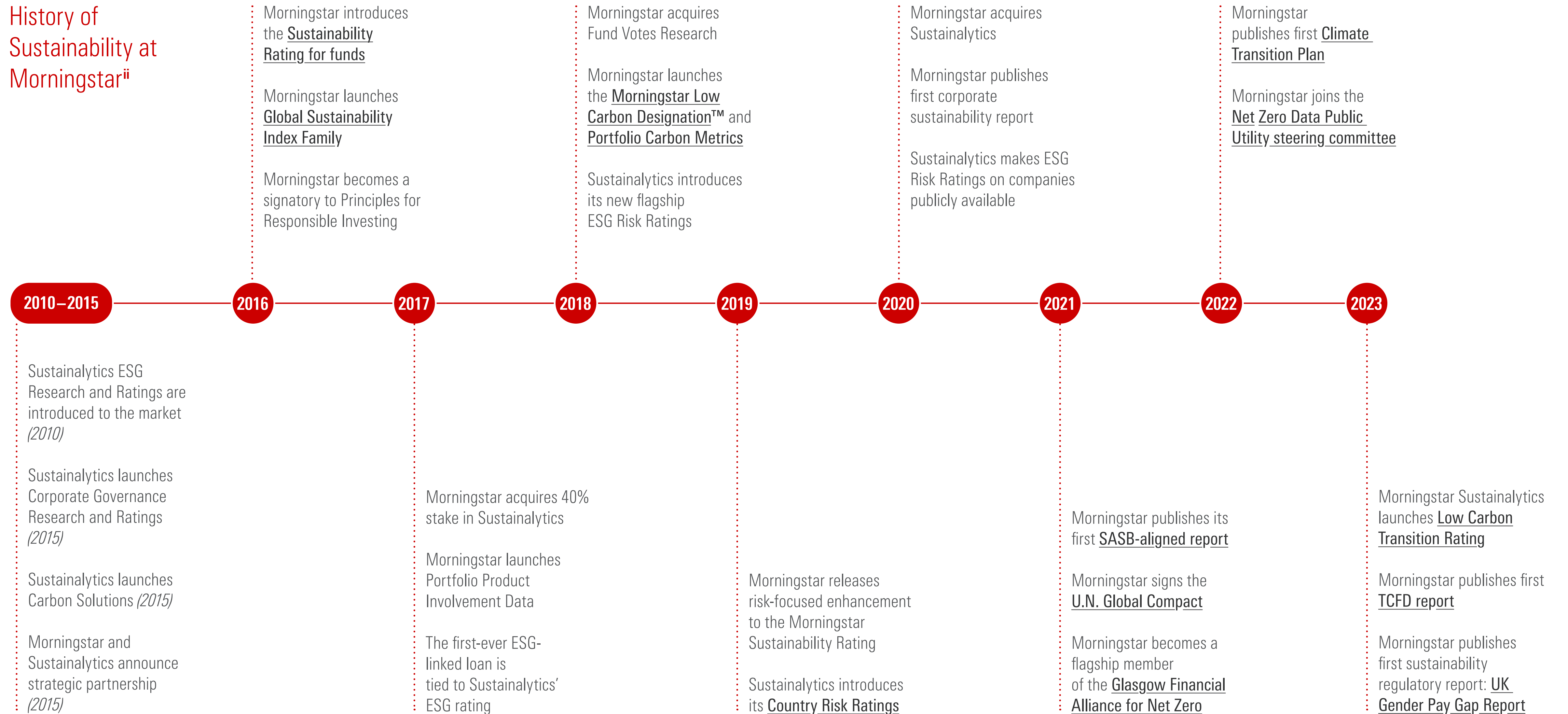
Morningstar is a member of the Net Zero Financial Service Providers Alliance. Through our participation, we have pledged our commitment to the U.N. Race to Zero. Our involvement underscores our recognition that addressing global emissions requires organizations across the financial system to each initiate and implement their own commitments toward achieving net zero emissions. In 2024, we released our first Climate Transition Update, which communicates our progress toward achieving net zero emissions aligned with our Climate Transition Plan available at our [Sustainability Policies and Reports Center](#).

### Net-Zero Data Public Utility



The Net-Zero Data Public Utility is the first global, centralized database containing private sector climate data, which is imperative for the net zero transition. This platform is free for all individuals. Morningstar joined this international industry initiative as an active member and technical advisor in 2022, providing particular insight into how this platform can support individual investors. The NZDPU prototype, launched in December 2023 at the COP28 U.N. Climate Change Conference, includes scope 1–3 greenhouse gas emissions data and reduction targets for approximately 400 companies based on their CDP disclosure, formerly known as the Carbon Disclosure Project. The platform provides jargon-free language and clear data point definitions to ensure the information is accessible and understandable to all users.

## History of Sustainability at Morningstar<sup>ii</sup>





## Evaluating Sustainability

Morningstar’s materiality framework allows us to identify and prioritize sustainability-related issues that are most significant to our stakeholders and hold the potential to impact the value of our business over the long term.

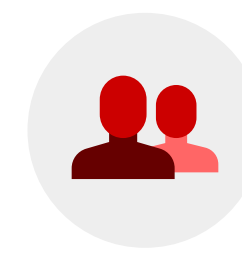
To determine our firm’s most material issues, Morningstar combines a data-driven approach with the expertise of our own research teams. This allows us to understand the material ESG issues, or MEIs, that could have a significant effect on the enterprise value of the company. MEIs may have an impact on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

We determine our most relevant MEIs by conducting an assessment that draws on a range of sources to identify the topics that are most relevant to our business.

We reference frameworks and research from outside organizations such as the Sustainability Accounting Standards Board, the Global Reporting Initiative, and other research firms. We also leverage the internal expertise of Morningstar’s research teams. We identify the ESG issues that matter deeply to Morningstar’s stakeholders, including our colleagues, clients, and shareholders, by conducting interviews, surveys, and analysis.

We routinely review our materiality assessment through benchmarking, client inquiries, policy research, emerging sustainability reporting frameworks, and employee feedback. This allows us to determine areas for strategic focus, data disclosure, and programmatic updates. We then work with internal partners throughout the business to implement these changes.<sup>iii</sup>

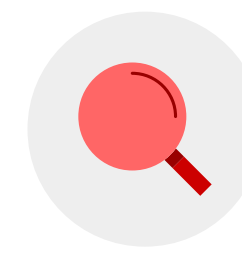
## Reviewing Our Materiality Assessment



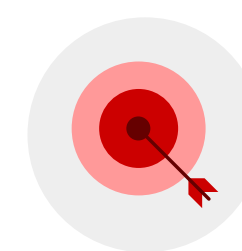
**We define key stakeholder groups for Morningstar**



**We measure the areas these groups consider material to Morningstar**

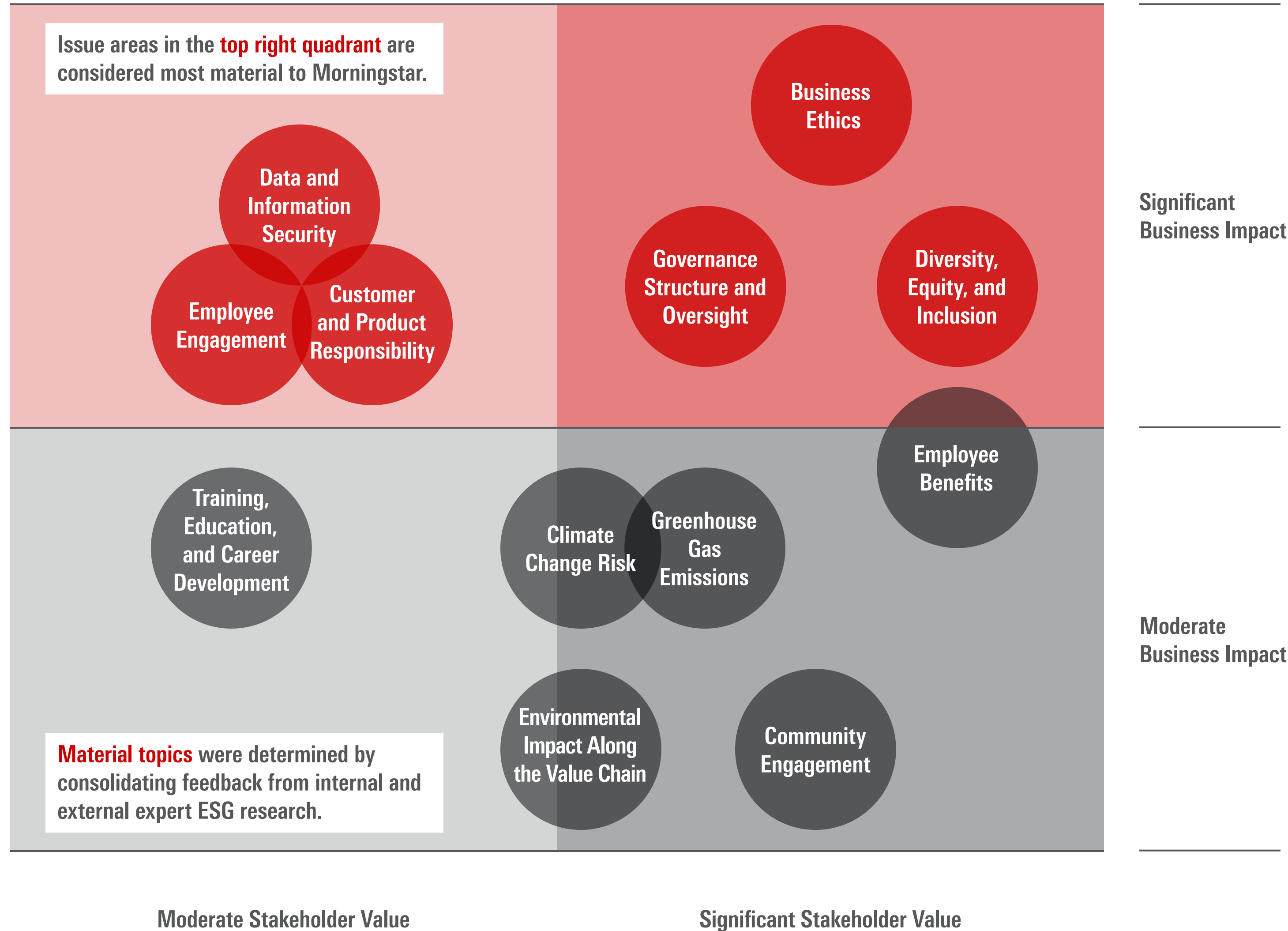


**We consider assessments of Morningstar’s material issues from outside ESG research and industry experts**



**We define key areas of focus**

- Material topic
- Additional topics prioritized by employees and stakeholders



This visual represents Morningstar’s current MEIs. A topic positioned high on the vertical axis suggests that sustainability experts believe the issue is likely to impact Morningstar’s business performance. Items 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 for Morningstar’s stakeholders.

Morningstar holds these material issues at the center of our mission and values, which guide our strategic planning to add value to our business. Our work in each of these areas is tracked by corresponding datasets, which we make available in this and other reports. This allows the market to track our performance. For example, data points pertaining to our workplace include year-over-year shifts in measures of employee engagement, which we gather from anonymous, quarterly surveys. Our intention is to report our progress on a regular basis. We look forward to engaging with our stakeholders on these issues and invite your feedback at [CorporateSustainability@morningstar.com](mailto:CorporateSustainability@morningstar.com)

**Business Impact**

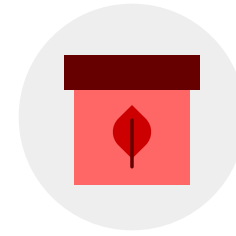
We believe these material ESG issues are likely to impact our immediate business success and performance.

**Stakeholder Value**

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

## 2023 in Review

In 2023, Morningstar made progress across our products, programs, transparency, and disclosure efforts. Further details appear in corresponding sections of this report.



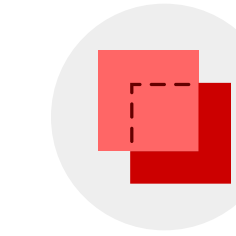
### Creating Products for a Sustainable Future

- ▶ Our Morningstar Sustainalytics business expanded our climate solutions offerings, launching a Low Carbon Transition Rating that allows investors to assess climate transition risk.
- ▶ We contributed to the launch of the Net-Zero Data Public Utility prototype announced at COP28, bringing free access to corporate climate data.
- ▶ Our Morningstar Sustainalytics business created a machine-learning ESG Risk Smart Score to expand ratings coverage, delivering independent insights for a broader universe of investment choices.
- ▶ Our Morningstar Indexes business launched several new market indexes focused on impact alignment with SDGs and gender diversity, supporting the development of new sustainable-investment options.



### Enhancing Morningstar's Sustainability Program

- ▶ We were awarded the Fair Pay Certificate as a result of Morningstar's commitment to pay equity.
- ▶ We enhanced our environmental impact program and strengthened our data processes and disclosure, providing greater transparency for our stakeholders.
- ▶ We published an Environmental Statement detailing our environmental management practices and expectations for the firm available at our [Sustainability Policies and Reports Center](#).
- ▶ We updated our [Supplier Code of Conduct](#) with enhanced guidelines for suppliers focused on environmental issues; human and labor rights; anti-bribery and anti-corruption; diversity, equity, and inclusion; and responsible use of personal data.



### Expanding Transparency

- ▶ We published our first Task Force for Climate-Related Financial Disclosures report, delivering increased transparency of our climate-related risks and opportunities.
- ▶ We published a UK Gender Pay Gap report, exceeding regulatory requirements to detail Morningstar's data across our full UK region.
- ▶ We published a Climate Transition Update, communicating on our progress toward our Climate Transition Plan to achieve net zero carbon emissions both available at our [Sustainability Policies and Reports Center](#).



## Awards and Recognition

### Investor Focused



**Best ESG Solutions Provider**  
Wealth and Finance,  
Ethical Finance Awards



**Best SPO Provider**  
GlobalCapital Bond Awards



**Best ESG Research Firm**  
GlobalCapital European  
Securitization Awards



**Best Global Thought Leadership Paper on Sustainable Investing**  
Environmental Finance  
Sustainable  
Investment Awards



**Finalist for Best ESG Research Vendor, Best ESG Ratings Provider, Best Corporate Sustainability Vendor Strategy**  
ESG Investing



**Best ESG Solution for Advisers**  
Professional Adviser

### Business Operations & Workplace Focused



**Great Place to Work Certified**  
USA 2023



**Great Place to Work Certified**  
India 2023



**Top Workplaces List**  
Built In Chicago



**Silver Employer**  
India Workplace  
Equality Index



**Best Workplaces for LGBTQ Equality**  
HRC Corporate  
Equality Index



**Top 10 Inclusive Employers**  
British LGBT Awards



**Carbon Champion Amplifier Award Winner**  
Climate Vault



**Certified Fair Pay Workplace**  
Fair Pay Workplace

## About This Report

In this report, we examine Morningstar's efforts to add value to our business by incorporating sustainability and ESG data into our offerings and enabling sustainable business practices through our operations. **11,334 full-time employees in 32 markets globally.**<sup>iv</sup>

### Product Offerings

This section examines our sustainability-related product offerings including our sustainable-investing data, research, and products that we provide to the market. We outline our offerings and efforts to build and sell our products and services in a way that reflects our mission to empower investor success.

### People & Workplace

This section discusses our employee engagement efforts to foster a community where talented, driven people can excel. It highlights our efforts in building a diverse and equitable organization and contributing to the communities in which we operate.

### Governance

This section discusses company oversight and our approach to business ethics across our organization.

### Business Operations

This section details our data and information security practices, examines our environmental footprint and efforts to reduce our climate impact, and discusses the management of sustainability in our supply chain.

### Our Growing Sustainability Reporting Portfolio

This report details our overall sustainability approach across the Morningstar enterprise, including Morningstar, Inc., Morningstar Investment Management, PitchBook, Morningstar Sustainalytics, and Morningstar DBRS. As our progress in sustainability management expands, we continue to promote transparency through additional public reports.

We have released the following publications, available on our [Sustainability Policies & Report Center](#):

- ▶ **Sustainability Accounting Standards Board Report**

Morningstar's SASB report discloses sustainability data that the International Financial Reporting Standards deems material to the financial growth of our business. This report aims to make such nonfinancial data more comparable for investors.

- ▶ **Climate Transition Plan**

Published in 2023, this plan details our strategic initiatives in transitioning to a low carbon economy.

- ▶ **New: Climate Transition Update**

Morningstar publishes an annual update on progress, aligned with our transition plan, to achieve net zero total carbon emissions by 2050.

- ▶ **New: Task Force on Climate-Related Financial Disclosures**

Morningstar's TCFD report details our firm's climate-related risks and opportunities.

- ▶ **New: UK Gender Pay Gap Report**

Morningstar has published a UK Gender Pay Gap Report because of the size of our PitchBook UK subsidiary; our report extends beyond regulatory requirements, reflecting the data and program for our full Morningstar UK region.

Additionally, Morningstar publishes regular thought leadership and strategic updates through our [Corporate Sustainability webpage](#) and on [Morningstar's Insights Blog](#).

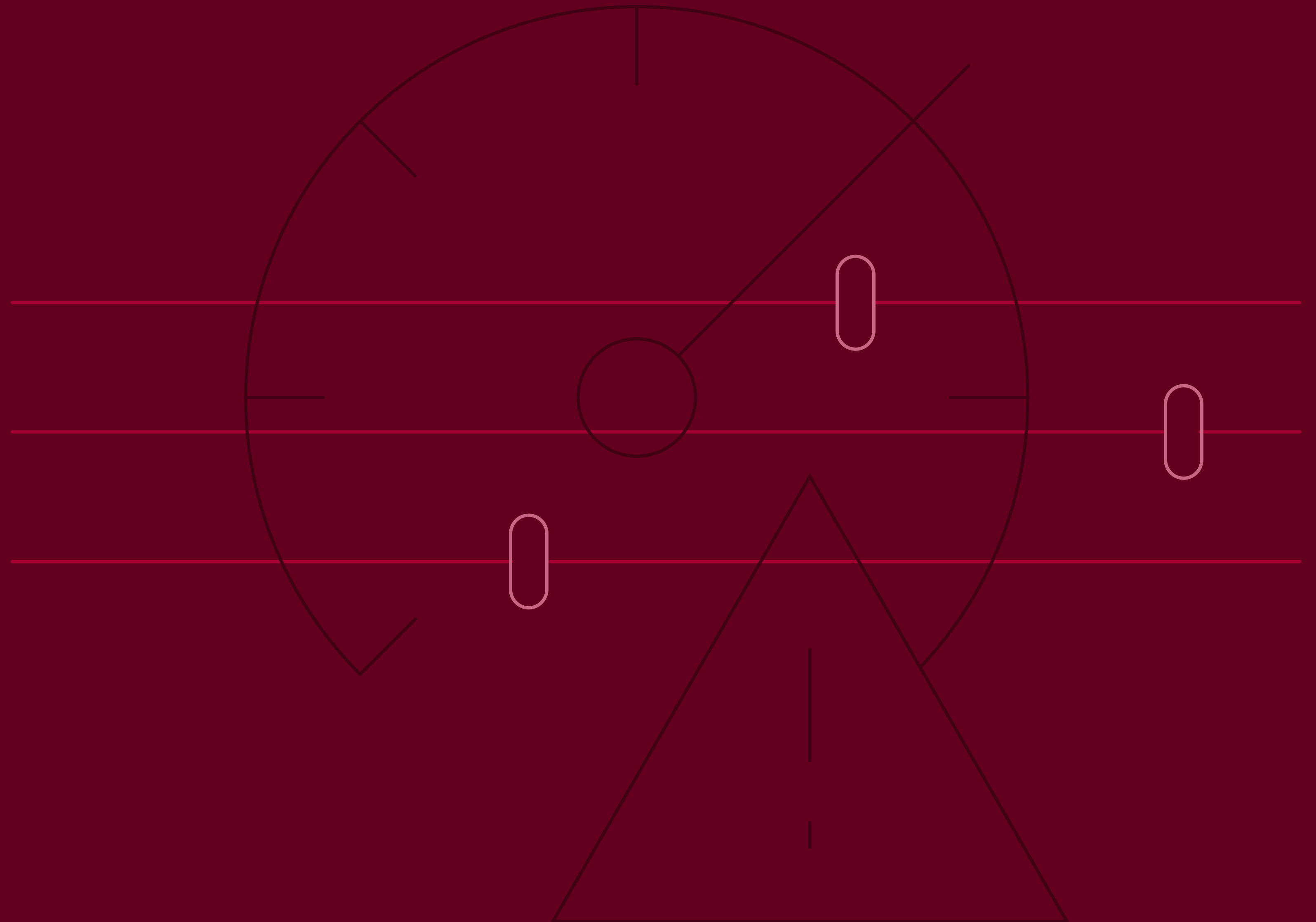
## Product Offerings

Since our founding, Morningstar has provided transparent, easily understood data, research, and ratings. Today, we are also a market leader in providing ESG data and research across securities and asset classes reaching a wide range of global audiences. The primary contribution Morningstar makes to the sustainability of global markets is providing ESG data that is transparent and accessible for investors.

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### Addressing Risks & 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.





## Sustainable-Investing Offerings

*This is a material topic for Morningstar*

Morningstar provides ESG data, research, products, and services that allow investors to make more-informed decisions. We deliver independent ESG analytics across asset classes, from an investor portfolio to a single security. The integration of our ESG datasets into decision-useful products serves all investor types, from the most sophisticated asset managers to individual savers participating in the retail investment markets. Delivering these solutions enables investors to align their investments with their view of the future.

### SDG Areas



Morningstar colleagues collaborating in an office breakout room.



### Morningstar's Work in Sustainable-Investing

Our mission to empower investor success is built upon principles of 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 their financial futures.

Increasingly, investors want to use their money in ways that are aligned with their values and beliefs about 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 has matured, we've expanded our products and services to provide more coverage across securities, asset classes, and markets. We are broadening our ESG research and

methodologies to incorporate emerging areas, enhancing our ratings, and developing new approaches to make sustainable investing clear and actionable.

Our flagship ESG Risk Rating and Sustainability Rating for funds provides our perspective on the ESG risks relevant to companies, countries, and funds and how well these risks are managed. These assessments allow investors to understand ESG risks that could affect the long-term performance of their investments at the security, fund, and portfolio levels. The ratings introduce a single measurement unit to summarize ESG risks across MEIs, providing a signal of absolute (as opposed to relative) ESG risk that is comparable across peers and subindustries while allowing for aggregation at the portfolio level. We continuously determine ways to increase ESG coverage of securities across asset types. Our newly launched ESG Risk Smart Score provides a quantitative approach to our ESG Risk Rating to increase the available universe of companies covered. However, ESG risk management is just one application of our sustainable-investing ecosystem; our

▮▮ Morningstar's efforts to bring together our extensive range of sustainable-investing data, research, tools, and insights to support a wide range of investors across the financial marketplace directly align with our mission to empower investor success. ▮▮



**Ron Bundy**  
President, Morningstar Indexes and Sustainalytics

### Sustainability Ratings and Designations

Morningstar Sustainability Rating™



Morningstar Low Carbon Designation™



other major use cases for investor interaction with sustainability data are examined on Page 19.

Morningstar serves a wide range of audiences. Our commitment to providing ESG data, tools, and thought leadership on Morningstar.com and third-party platforms is central to Morningstar's mission of providing universal access to decision-useful information. We also deliver market-leading ESG data, tools, and services to wealth and advisory professionals, asset managers and owners, and private market participants. Page 20 provides detailed insights into the diverse applications through which our data, ratings, and research are surfaced.

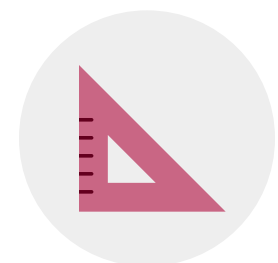
## Morningstar Serves a Range of Sustainable-Investing Outcomes



### Manage Compliance

#### Comply With Emerging Regulations

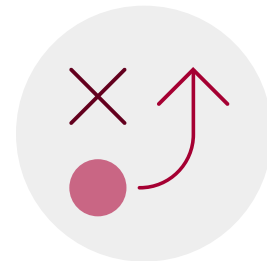
Morningstar Sustainalytics offers products, such as our EU Taxonomy and Sustainable Finance Disclosure Regulation Principal Adverse Impact solutions, that enable investors to respond and comply with a range of regulatory frameworks surrounding sustainability reporting



### Align With Values

#### Personalize Portfolios and Apply Exclusions

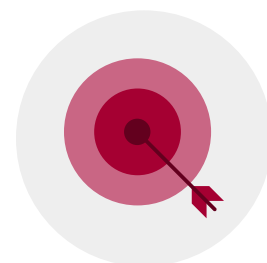
Values-based investors often seek to limit their exposure to controversial areas, like animal testing or controversial weapons. We provide product involvement data that analyzes the percentage of revenue derived from controversial areas for companies and portfolios, allowing investors to limit their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



### Manage Risk

#### Measure and Limit Potential ESG Risk

Our flagship ratings, the ESG Risk Rating and Sustainability Rating for funds, analyze the potential sustainability risk that a portfolio may be exposed to and how well it is managing these risks across security levels.



### Target Themes

#### Target Specific Themes and Opportunities

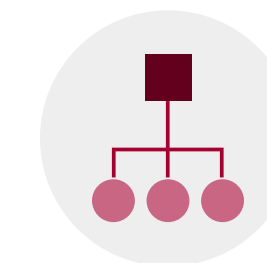
Investors increasingly look to invest in securities of companies that seek positive outcomes across various areas they care deeply about and understand the practices of firms that may provide opportunity in emerging areas of focus, like climate or human capital management. For example, our impact data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



### Find Intentional Strategies

#### Assess 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.



### Assess Stewardship

#### Understand Ownership Practices

Sustainability-related shareholder proposals have been on the rise, and financial professionals are increasingly interested in how fund managers are voting at annual shareholder meetings. Our active ownership data allows investors to understand how fund managers are voting assets under management on sustainability issues and whether a non-ESG fund is advancing other resolutions.



## Enabling Sustainable Investing Across Use-Cases

### ESG Data

We gather corporate ESG data from publicly reported information and directly from companies. This data fuels our ratings and research and provides a lens into corporate strategy, risk management, and investment across issuers.

### ESG Ratings

We create market-leading assessments that offer insights into companies' and funds' sustainability management. Using a unique methodology, we consolidate ratings for funds and portfolios, providing a holistic evaluation across different security types. These ratings allow users to understand Morningstar's perception on the quality of ESG management practices without needing to sift through granular data.

### ESG Research

Our research teams utilize ESG data and ratings to analyze trends, assess performance, and educate the public on ESG management across the marketplace and different security types. This research is utilized by audiences of all backgrounds to better understand the evolving landscape for sustainability management across topical areas.



### Data Feeds for Institutional Investors

Primarily utilized by institutional investors, our ESG Data and Ratings can be provided through data feeds, allowing for easy integration into users' existing systems and workflows. We offer our data feeds via API and direct data feeds on a set frequency. More information about our ESG data feeds offerings can be found at our [ESG Data Services webpage](#).



### Digital Offerings for Retail Investors and Public Market

We surface our proprietary ESG data and ratings on our investor websites and via third-party applications, like Yahoo Finance, allowing any investor to view core sustainability data free of charge. Our digital site receives over 2.5 million visitors each month and surfaces research content about trends in sustainable investing for all audiences.



### Software for Public and Private-Market Investors

In Morningstar's market-leading software tools, we provide financial advisors, asset managers, and asset owners the ability to conduct sustainability security research and analyze and report on client portfolios with sustainability data. This provides an end-to-end solution for users to interact with the sustainability data, ratings, and research most important to their clients and processes. Within our private equity platform, [PitchBook](#), we provide sustainability data and curate thematic focal areas for investors to monitor the latest climate and energy research, for example. Users can also analyze emerging sustainable-investing opportunities in the private equity space with specific PitchBook analyst content.



### Indexes for Establishing Market Standards

The indexes space is not only a means to creating investable products, but it also produces benchmarks and standards for investors. Morningstar Indexes offers a range of sustainability indexes across various themes and industry focuses that give investors the option to allocate assets using sustainability approaches. Visit our [ESG Indexes website](#) to learn more.



### Wealth Investments for Financial Advisors

Morningstar's investment management team integrates ESG risk into its broader assessment of an asset's fundamental risk, which also includes financial and operational risk. To conduct ESG risk assessments, the team leverages Morningstar's own ESG data, ratings, and research to assess ESG risk across a range of variables, including considerations such as technological obsolescence and regulatory developments. Separately, Morningstar Wealth offers value-based ESG financial products to financial advisors who have clients that want to gain exposure to ESG broadly or a specific sustainability principle. These offerings range from ESG asset-allocation portfolios to direct-indexing capabilities with ESG customization.

**118** ESG articles published to Morningstar.com in 2023

**32%** Morningstar Direct users who created an investment list with ESG data each quarter

**39%** Users who utilized ESG data in a customized report each quarter

**36%** Users who utilized ESG data when searching for investment securities

**190** ESG index strategies provided by Morningstar in 2023

**\$34B** Assets under management invested in funds that tracked one of these Morningstar ESG Indexes

### Additional Sustainable-Investing Use Cases

Asset managers, advisors, and corporate issuers recognize the relevance of ESG performance to investors of all types. Through our ESG licensing offerings, issuers can use our assessments in their marketing materials. Additionally, issuers depend on our research teams to provide second-party opinions, which assess the sustainability of debt structured to align with sustainability bond frameworks. Our SPOs serve a range of categories including bonds focused on water conservation, social impact projects, or other SDG-aligned impact projects.

### 2023 Enhancements to Our Offerings

#### Expanding Our Climate Offerings

Investors seek innovation in climate-focused investments, particularly in two key areas: identifying companies at the forefront of global decarbonization and assessing physical risks associated with climate change within companies. Through our climate offerings, we allow investors to use the information to assess business risks and consider any impact to the long-term value of the businesses they are assessing.

In 2023, Morningstar Sustainalytics launched a Low Carbon Transition Rating, which offers a forward-looking, science-based evaluation of a company's alignment with a net zero pathway, seeking to answer a critical question: To what degree would the world warm if all companies behaved like the company examined? This provides valuable insights into whether a company is adopting essential practices for contributing to a sustainable climate future and whether, by doing so, it enhances the long-term attractiveness of the business.

The LCTR analyzes a company's carbon exposure by examining historical trends and projecting emissions over time. This assessment indicates a company's commitment to a net zero pathway. Our offering includes an analysis of corporate climate management practices: evaluating policies, programs, strategy, governance, and financial position for alignment with a net zero world. The LCTR is designed to provide investors with a nuanced understanding of a company's climate commitment and sustainability practices. The LCTR is currently available through Sustainalytics Global Access and Morningstar Data services.

In response to growing concerns around physical climate risks, Morningstar Sustainalytics also introduced a suite of physical climate risk products designed for investors, asset managers, and banks. These tools allow users to evaluate potential risks to properties and assets and assess the financial impact of direct or indirect physical risks at both company and asset levels. For instance, by utilizing our products, users can quantify a company's exposure to specific threats like heightened flood risks in the US. These innovative solutions seek to empower stakeholders to make informed decisions and navigate the complexities of physical-risk-related challenges in their investment portfolios.

#### Helping Investors Measure Impact With Global and Regional Benchmarks

Investors seek to understand the way their investments are aligned with international standards pertaining to sustainable development, gender equity, and climate commitments. Morningstar Indexes launched 27 new sustainability-focused indexes in 2023. Included in that number is the Morningstar Global

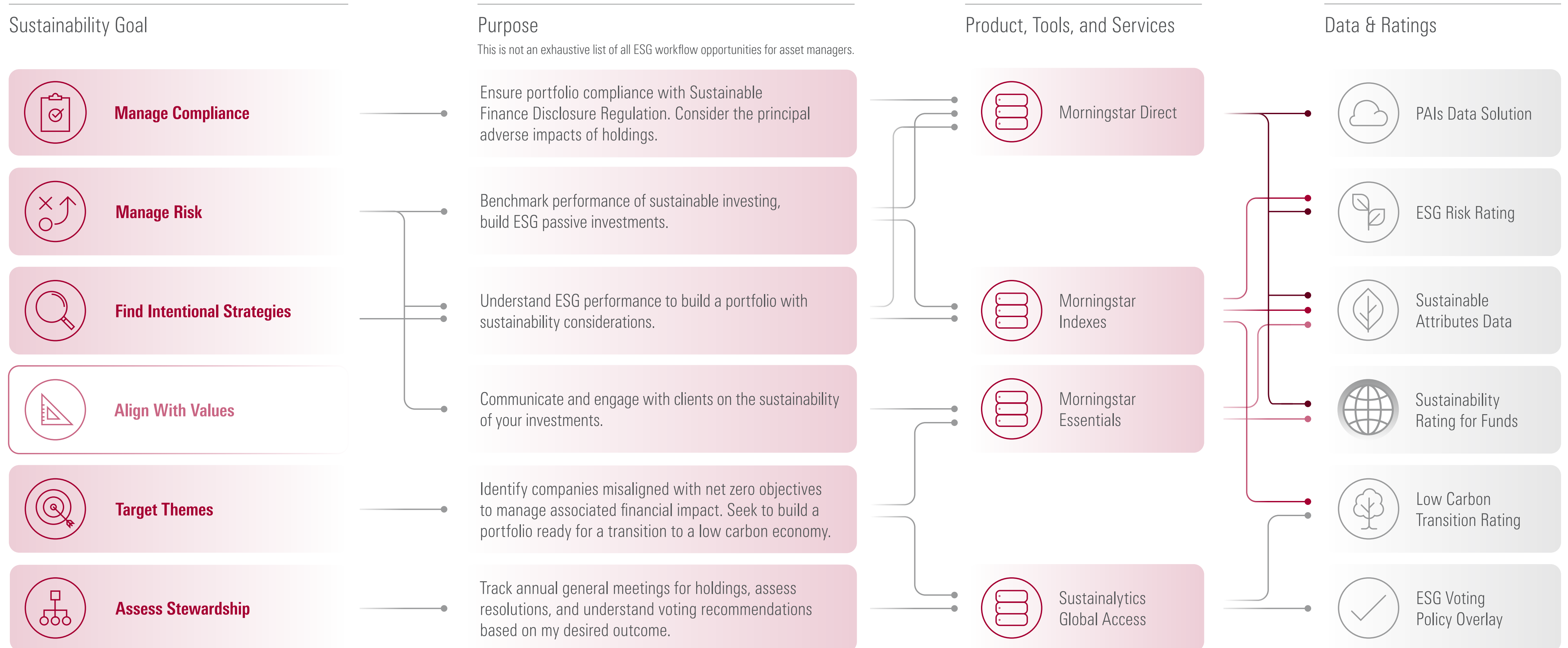
Sustainable Activities Involvement Indexes that use the Morningstar Sustainalytics ESG Impact Framework to provide investors with the option to gain exposure to companies that align their revenue with the SDGs. These are available as a series of nine equity indexes spanning five environmental and social impact themes. Constituent companies must meet the prescribed ESG standards and have significant revenue aligned to one or more impact theme.

Morningstar Indexes also launched the Morningstar Japan ex-REIT Gender Diversity Tilt Index, an addition to our series of global gender diversity indexes. Morningstar Indexes developed the benchmark for Japan's Government Pension Investment Fund, the world's largest pension fund, with approximately USD 1.5 trillion in assets under management. This new index identifies Japan-based companies exhibiting strong gender diversity policies and practices based on Morningstar Indexes' methodology using the Equileap Gender Equality Scorecard.



## Serving the Sustainability Needs of Asset Managers

How asset managers achieve their sustainable-investing goals by utilizing our products, tools, services, and data





## Customer & 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 objective, transparent, and accessible for all types of investors. All business entities are governed by Morningstar’s Code of Ethics, discussed in detail in the Business Ethics section of this report.



Morningstar colleague takes a virtual call from a breakout room.

### SDG Areas





### Research Independence

Morningstar’s trusted data, research, and ratings underpin our diverse set of products. For nearly 40 years, we have continued to expand the coverage of our data and tools from managed products to a range of assets across private and public markets. Our Morningstar Research analysts conduct research and analysis for mutual funds, exchange-traded funds, separate accounts, collective investment trusts, and public equities. Their work includes research reports and qualitative, forward-looking Morningstar Medalist Ratings. This analysis augments other quantitative ratings and analytics, such as the Morningstar Rating for funds (the “star rating”), which ranks managed investment strategies based on their past risk-adjusted performance versus peers. We also publish qualitative research and ratings on state-sponsored college-savings plans, target-date funds, and health savings accounts.

To help maintain the integrity, independence, and objectivity of our 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 manager research 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.

Beyond functional separation, Morningstar employs various processes and mechanisms aimed at preserving the integrity of its research and ratings. Analysts of Morningstar Research Services, a separate legal entity, are 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 using its control procedures, ratings committees, team structure, and editing processes. Morningstar Research Services will not enter any issuer-paid arrangements to provide universally distributed research.

### Responsibility in Ratings

Our research analysts assign ratings based on transparent criteria, all of which are accessible through our published methodologies. We report on the performance of our ratings systems to test accuracy over time and to provide users with an understanding of our decision-making processes. We believe that transparency and regular review produce stronger outcomes.

The Morningstar Ratings Council oversees the development, review, and enhancement of our ratings.<sup>v</sup> 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 ratings. The Ratings Council also performs a quality control function, reviewing any errors, complaints, or questions about ratings.

To avoid conflicts of interest, Morningstar prohibits manager research analysts and their immediate family members from holding securities issued by publicly traded companies that derive a material portion of their revenue

### Morningstar Research and Ratings

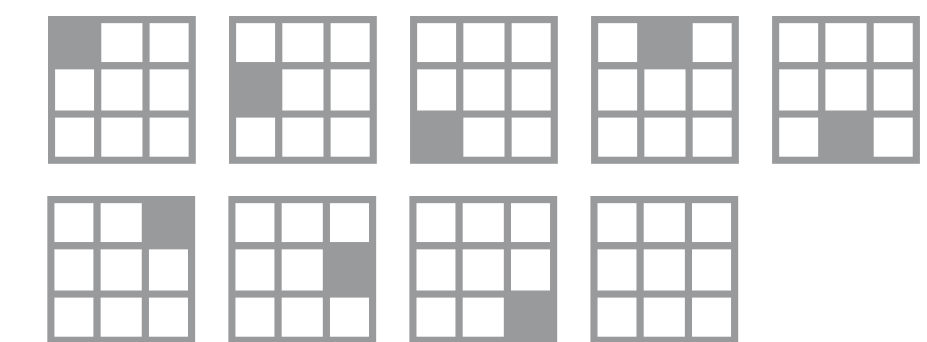
Morningstar Rating™



Morningstar Medalist Rating™



Morningstar Style Box™



Morningstar Economic Moat Rating



from managing mutual funds. It also prohibits equity analysts and their immediate family members from holding positions in any company they cover or any of that company's close competitors. To provide our customers with the first opportunity to benefit from Morningstar's research, Morningstar restricts analysts' ability to buy or sell securities when analysts are commencing coverage or updating their analysis. This restriction, which also applies to analysts' immediate family members, remains in place two business days after Morningstar research publishes. Similarly, within our credit ratings entity, Morningstar DBRS, analytical personnel and their immediate family members are prohibited from buying, selling, or engaging in any transaction with securities issued, guaranteed, or otherwise supported by any entity rated by Morningstar DBRS within their area of primary responsibility.

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 with a framework to evaluate financially material ESG issues that affect the long-term performance of their investments.

Like Morningstar, Morningstar Sustainalytics is governed by Morningstar's Code of Ethics, which is discussed in detail in the Business Ethics section of this report. In keeping with our commitment to integrity and transparency, Morningstar Sustainalytics recognizes the importance of its Research personnel's objectivity and independence with respect to its ESG research and rating activities and 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. 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 Stewardship Services helps investors manage reputational risk and increase corporate accountability through proactive, professional, and constructive engagement. These stewardship services supplement investors' own stewardship efforts and provide a holistic approach to consider material ESG topics. These separate teams operate under different reporting lines designed to promote the independence and integrity of these offerings.

### **Using Morningstar Design to Deliver Universally Accessible Experiences**

We can only democratize investing insights if the products and analyses we create are accessible and digestible for all. 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.

As our program continuously evolves, Morningstar's accessibility effort focuses on helping designers better communicate accessibility requirements in the design specifications that they hand off to their engineering partners. Building a shared language around accessibility allows product, design, and technology teams to collaborate faster and better meet the needs of all users. More on accessibility within the [Morningstar Design System can be found on our webpage.](#)



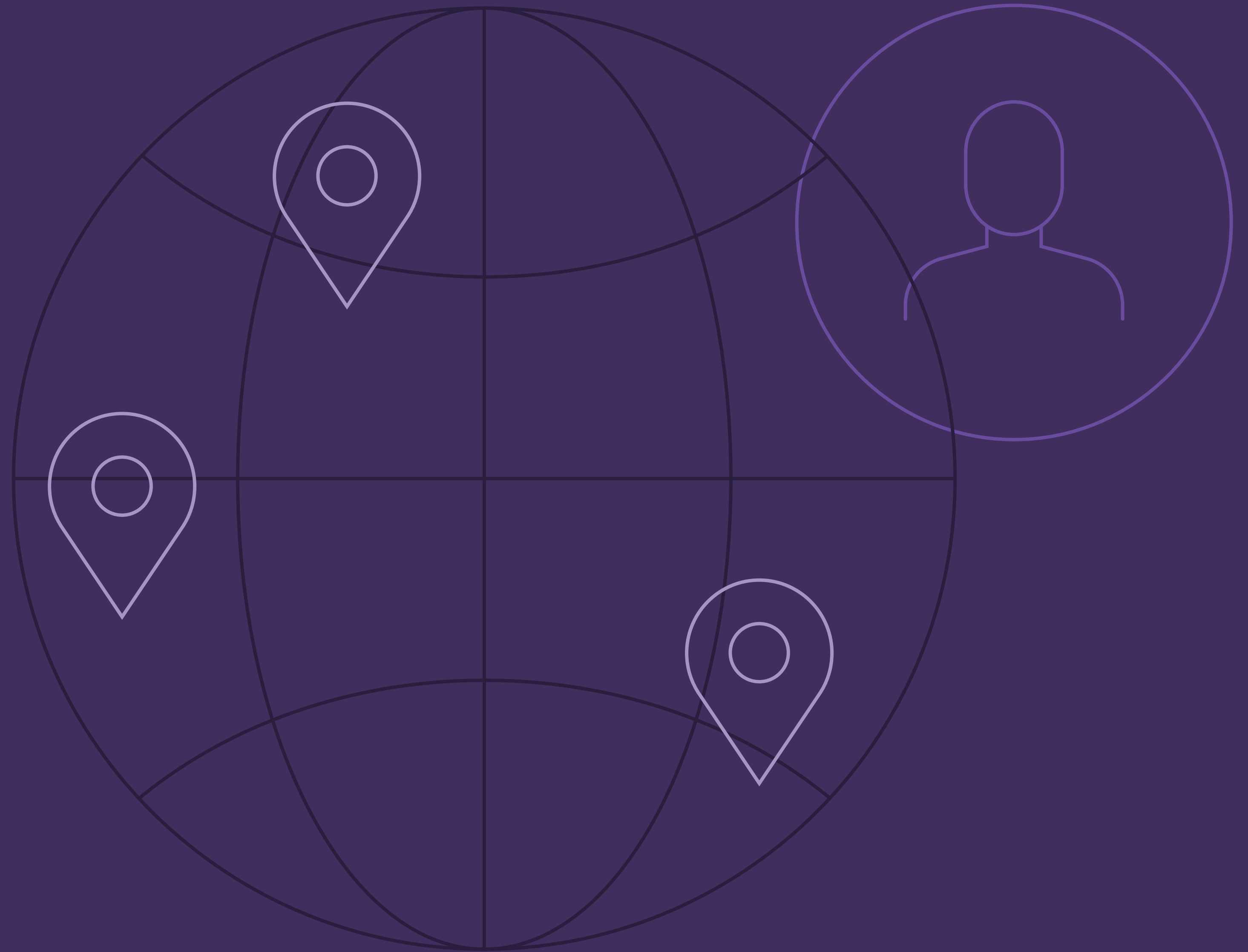
## People & Workplace

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 thrive.

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### Addressing Risks & 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.



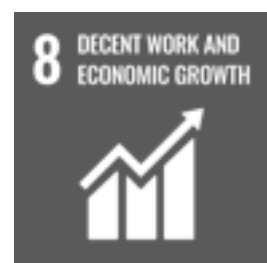


## Employee Engagement

*This is a material topic for Morningstar*

Engaged and empowered people are the driving force behind Morningstar’s business success. As organizational needs and workforce expectations evolve, we continuously assess the employee experience. We regularly gauge employee sentiment and gather feedback, informing the prioritization and refinement of our employee experience strategy. This includes workplace programs and policies; rewards and benefits programs; diversity, equity, and inclusion practices; training and career development opportunities; and community engagement initiatives.

### SDG Areas



Colleagues in Morningstar office enjoying lunch in the Chicago headquarters.



### Employee Experience

Understanding our people is key to understanding Morningstar’s employee experience.

#### Employee Listening and Analysis

Our organization’s “people analytics” team monitors and shares metrics related to the employee experience on a quarterly basis. These indicators include employee satisfaction, intent to stay, discretionary effort, and enablement. We ask the same questions of our employee base routinely to understand trends over time. We also evaluate employee perceptions of managers, psychological safety, and overall well-being through surveys, exit interviews, and focus groups. Additional data including growth in headcount, attrition rate, promotion rate, and diversity metrics give us insight into the shifts in the broader employee experience.

#### Communication and Transparency

Morningstar’s history of creating and embracing transparency informs how we communicate. We understand the importance of fostering an environment where our people feel well

informed, included, and able to ask difficult questions. We prioritize this communication through monthly town halls led by our CEO and executive team, quarterly internal earnings recaps, a weekly firmwide newsletter, and an employee intranet where colleagues can share feedback and access resources to feel informed and conduct their work.

#### Shared Ownership

Through our employee equity program, we offer colleagues the opportunity to acquire an ownership interest in Morningstar by allocating a percentage of their annual bonus or commission toward Morningstar stock, with the addition of a company match of 50%. This program provides an opportunity to share in Morningstar’s long-term financial success and reinforces an “owner’s mindset” that helps guide individual and team behaviors and aligns with our shareholders.

#### Performance Recognition

We encourage growth by rewarding high-performers and prioritizing internal promotions, while retaining a balanced mix of opportunities

for current staff and new talent. Our average employee tenure is 4.4 years with no material difference in the tenures of men and women. In 2023, 52% of non-entry-level job postings were filled via internal hiring and promotion.<sup>vi</sup> Morningstar’s compensation procedures, discussed in more detail in the Diversity, Equity, and Inclusion section, also reflect our focus on performance-driven culture. Morningstar calculates bonus payouts based on a combination of business success and individual performance contributions to ensure we reward those who go above and beyond.

Additionally, Morningstar has several award programs that acknowledge exceptional performance. Manager-nominated Impact Awards grant restricted stock units to colleagues who exceed expectations in focused areas. Our Global Values Awards, nominated by peers, recognize the outstanding ways in which people embody Morningstar’s seven company values. Recipients of Global Values Awards qualify for the annual company meeting award, “Empowering Investor Success,” in which winners receive RSUs and an invitation to attend

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**83%** Employees report understanding how their work is connected to the company strategy

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**52%** Non-entry-level job postings filled via internal hiring and promotions

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the company’s annual leadership meeting, providing further opportunity to influence the firm’s strategy and focal areas.

#### Connection and Internal Activism

Our Employee Resource Groups are employee-led organizations focused on fostering community, advancing career development, and enhancing visibility for diverse groups. We provide these ERGs with funding to develop programming unique to each group’s goals. This often involves maintaining community relationships to drive impact based on the unique desires and needs of each global region.

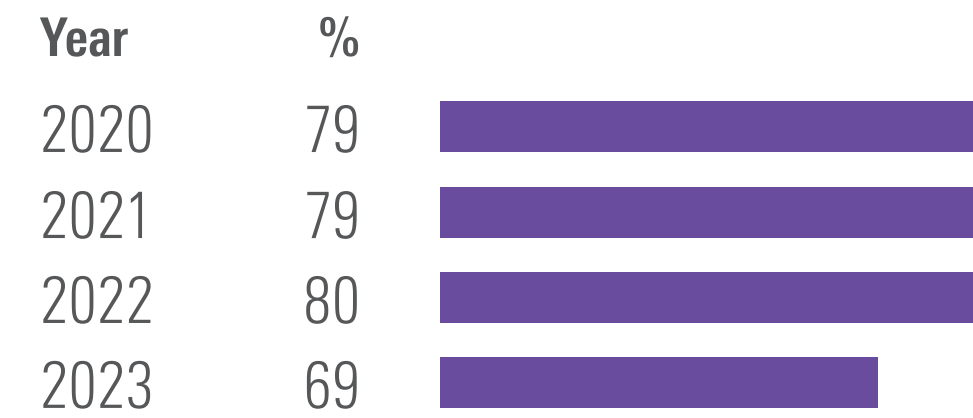
### Employee Engagement in 2023

Based on our average measurement across the year, Morningstar’s overall engagement score declined to 69% compared with 80% in 2022.<sup>vii</sup> In 2023, we applied workforce reductions in some business units and exercised cost containment measures, which impacted our overall scores. Our people and culture team in partnership with our executive leadership will continue to monitor and understand employee sentiment.

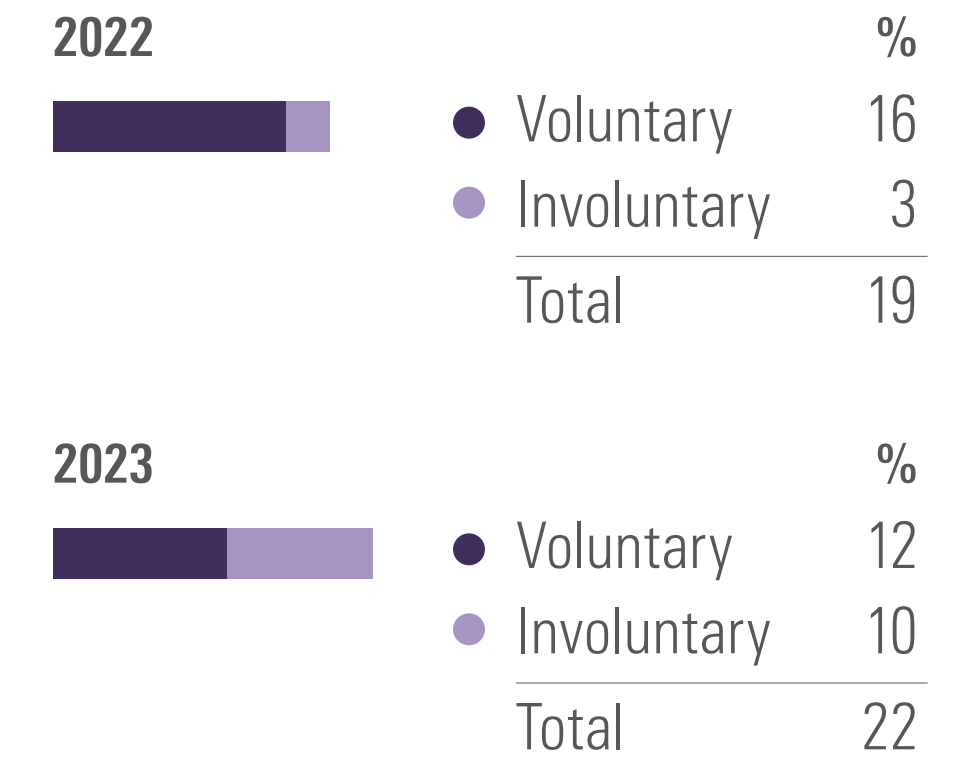
The Great Place to Work Institute provides an independent assessment of company culture and employee engagement through its Trust Index Survey and “Great Workplace” certification process. In 2023, Morningstar was named a Certified Great Place to Work for the sixth year in a row. Although Morningstar’s 2023 overall score of 76 is lower than the prior year’s score of 88 (our all-time high), the current score still significantly exceeds the institute’s average-company index of 57.

Employee turnover is an additional indication of the overall employee experience. In 2023, despite the decline in engagement sentiment, our retention rate<sup>viii</sup> remained high at 80%, and we experienced a decline in voluntary departures. Morningstar’s overall global turnover<sup>ix</sup> ticked up in 2023 to 22% from 19% in 2022; however, the increase was driven primarily by involuntary turnover from organizational changes described earlier. Involuntary turnover increased to 10% in 2023 from a historically normal range of 3% in 2022. By contrast, voluntary turnover dropped to 12% in 2023 from 16% in 2022. Details on turnover differences between genders and underrepresented minorities in the US market can be seen in our Diversity, Equity, and Inclusion section.

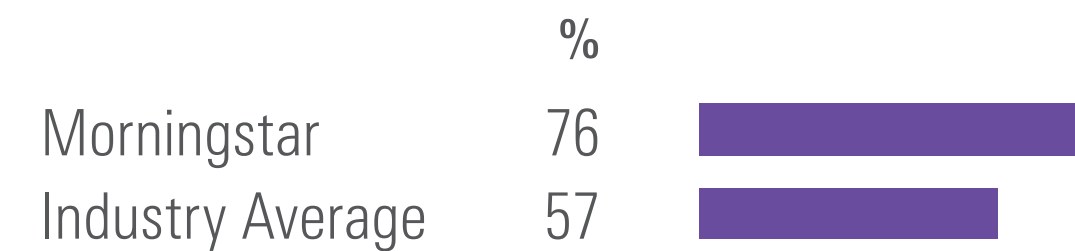
### Employee Engagement



### Turnover Data



### Great Place To Work Score Compared To Industry Average





## Employee Benefits

*This topic is prioritized by our employees & stakeholders*

Morningstar's efforts to reward and support our colleagues reflect our belief that people are central to our success. We offer various benefits through a total rewards package that supports our colleagues' financial, physical, emotional, and social well-being.



Colleagues enjoying a conversation together in the office.



### Employee Benefits in 2023

Morningstar regularly benchmarks our benefits to provide competitive offerings that meet unique needs across regions and focal areas for our employees. In 2023, Morningstar focused on expanding accessibility for all global employees through digital health platforms, while also addressing the specific needs of employees in the US by increasing access to mental health support.

#### Expanded Digital Healthcare Capabilities

Where an individual lives can significantly impact both access to healthcare and the quality of care they receive. Morningstar continuously looks to enhance our benefits to better address health equity and disparities in healthcare among our colleagues. In 2023, we took a step forward with a new suite of telehealth services. Through our new telehealth services, expert care and guidance is available to participants regardless of where they live.

We offer a variety of free-to-employee telehealth services for our participants, including a mental health provider network, primary care physician and annual care, dermatology, nutrition, and

second-opinion services all conducted virtually. This suite of services covers many day-to-day medical needs and increases accessibility to providers. We've also instituted the program AccessHope, which provides our employees access to leading cancer expertise from top providers and cancer care centers, allowing experts to review cancer treatment plans with our employees and their providers.

#### Enhanced Mental Health Support in the US

In 2023, Morningstar enhanced mental health benefits for US employees by covering the cost of all psychotherapy appointments for those served by Morningstar's insurance provider. This enhancement was a direct result of employee feedback that cost was a significant barrier to accessing mental health care. By waiving this expense, we're ensuring that critical behavioral healthcare continues to be affordable and accessible for those who need it. Additionally, through our telehealth provider, we help employees find providers and access additional points of care, combatting provider shortages and long wait times.

### Morningstar's Benefit Offerings

Across Morningstar's global regions, we regularly assess the strength of our benefits offerings against both our total rewards philosophies and what is locally competitive in each region. Therefore, our benefits offerings vary based on where colleagues reside. For some benefits, like parental leave, we define specific minimum standards for benefits that must be met around the globe. Details on some of the benefits available, as well as some minimum standards, can be found on the next page.

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**33%** Colleagues received Morningstar stock through a compensation or benefit program

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**11%** Colleagues took advantage of our Shared Ownership Program

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**75%** US employees completed our annual wellness incentive program<sup>x</sup>

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**37%** Eligible employees took advantage of our sabbatical program

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## Morningstar’s Benefit Offerings<sup>xi</sup>

### Physical & Mental Health Benefits

#### Medical Coverage

In addition to traditional healthcare coverage, in certain regions, our offerings include infertility services, fertility preservation, coverage for gender transition services, and navigation services for complex care.

#### Mental Health Coverage

Across all our US medical plans, teletherapy is covered at 100%. Under our traditional PPO in the US, in-network psychotherapy visits are covered with no copay. Globally, under our Employee Assistance Program, we provide up to six free counseling sessions for colleagues and their loved ones. These sessions may support mental health needs, legal needs, and more. We also provide referrals for individuals who desire longer-term care.

#### Dental Coverage

#### Vision Coverage

#### Healthcare & Dependent Care Flexible Spending Accounts

#### Healthcare Savings Accounts

### Family Support & Time Off

#### Paid Global Sabbatical

We provide a paid sabbatical to all global colleagues of up to six weeks (or equivalent, in addition to any annual paid time off) once every four years to enjoy new experiences outside of work.

#### Paid Parental Leave

We think it’s important that all parents have access to paid time off to start a family. We offer a minimum standard of six weeks of parental leave globally for all parents. Our parental leave exceeds this minimum in many markets based on benefit standards and norms or requirements unique to the region.

#### Paid Family Caregiving Leave

We believe that colleagues should have paid time to support their family members; this may include situations such as caring for an ill family member. Under our Morningstar Family Leave program, all colleagues globally have a minimum standard of six weeks of caregiving leave. This benefit exceeds market norms in many locations where we operate.

#### Adoption Assistance

In the US, Morningstar provides up to 80% of all qualified adoption expenses, up to USD 4,000 per adoption event.

#### Childcare Support

In the US and India, we provide financial support for backup childcare services as well as discounts for parents and caregivers.

#### Paid Time-Off

In North America, we offer a flexible trust-based time-off benefit, without balances. In other regions, we provide a minimum threshold of 15 days of paid time off each year, with a global average of over 20 days. This time off includes vacation days, sick time, personal days, military leave, jury duty, study leave, and holidays. Additionally, we offer two days of paid time off for volunteer efforts across our global regions.

### Financial Support

#### Retirement Savings Plans

We provide competitive retirement savings plans in the markets where we operate. Plans generally include elements of employer contribution matching or fixed employer contributions to supplement employee retirement savings.

#### Employee Ownership Opportunities

Morningstar awards top-performing employees a portion of their annual bonus in the form of restricted stock units. Additionally, our Shared Ownership Program provides an opportunity for colleagues to elect to receive a portion of their cash bonus (or commission payout) in Morningstar stock with an additional company match of 50%. Our match rate exceeds typical market standards and encourages broad ownership and shared success with the company.

#### Tuition Assistance

Morningstar’s Scholars Program in 2023 provides 80% tuition reimbursement annually up to USD 20,000 for participants admitted into the program.

#### Educational Stipend

All colleagues receive an annual stipend to spend on educational materials such as courses, books, or certificates.

#### Financial Planning & Education

In some locations, Morningstar partners with local recordkeepers, consultants, and third parties to provide financial education, navigation, and retirement planning services.

#### Commuter & Transit Benefits

To lessen the financial burden for employees in some locations, we offer commuter benefits including parking, transit, and cycling discounts and tax-preferred arrangements.

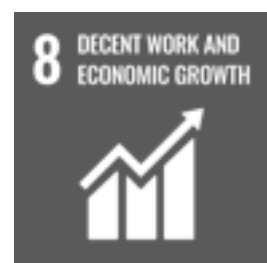


## Diversity, Equity, & Inclusion

*This is a material topic for Morningstar*

Morningstar’s diversity, equity, and inclusion practices are anchored in a commitment to build a welcoming culture that drives exceptional talent engagement and fuels business success. We believe the collective mixture of our different backgrounds, beliefs, and experiences makes us a stronger and more successful firm. We prioritize diversity throughout the organization because we believe it enhances decision-making and business resilience; it nurtures open dialogue, sparks creativity, and fuels opportunity that may lead to better business outcomes.

### SDG Areas



Morningstar colleagues connect for a meeting in the "drum" breakout room.



### Advancing DEI in 2023

Morningstar is committed to advancing diversity, equity, and inclusion practices across our organization and in how we serve the marketplace. We aim to foster an environment where employees can excel and drive business success. As we continue to enhance our DEI efforts in the coming years, we strive for an approach that is supported centrally but allows each business unit to make action plans tied to specific growth opportunities.

In 2023, we hired Morningstar’s first head of DEI; the role helps build consistency and ensure alignment of our efforts across the enterprise. 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 globally representative culture at Morningstar. The firm’s ERGs seek to foster community across functions and geographies, champion career growth, encourage collaboration, and enhance visibility for emerging talent across the organization, supplementing a bottom-up approach to our DEI strategy.

### External Partnerships & Recognition

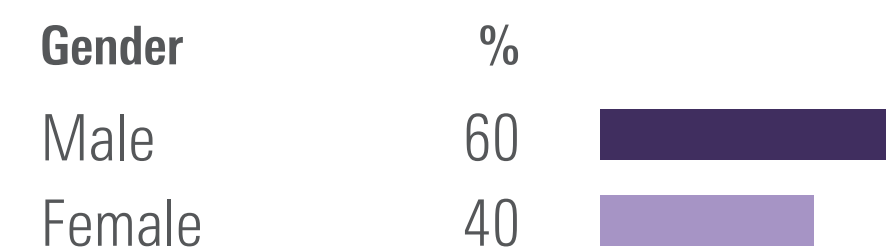
We’ve identified external organizations with whom to partner to help us identify talent and provide actionable insights to broaden our inclusive practices. Notable partners we work with include: The India Workplace Equality Index, Diversity Project, myGwork, Hispanic Alliance for Career Enhancement, Managing Leaders of Tomorrow, and Black Women in Asset Management.

In 2023, Morningstar received a perfect score of 100 on the Human Rights Campaign Corporate Equality Index. Our Morningstar India region was recognized as a Silver Employer at the India Workplace Equality Index, recognizing a demonstrated commitment toward LGBTQ+ inclusion practices. We are also a certified Fair Pay organization by the Fair Pay Workplace, underscoring our pay transparency and pay equity strategies. See Page 38 for more details on our pay equity program.

### Our 2023 DEI Data

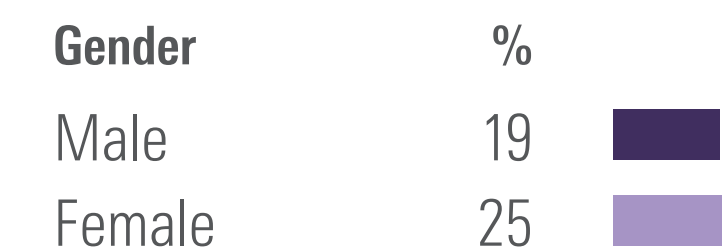
Routinely reviewing our DEI data enables us to reflect and plan for continuous improvement. Current efforts to diversify internal and external candidate pools range from entry-level development programs to senior leadership pipeline development programs. We believe a transparent, consistent, and intentional data-driven approach will be key to achieving equitable outcomes.

#### Full Organization Gender Diversity<sup>xii</sup>



In 2023, our turnover rate for female employees was 25% compared with 19% for males. This difference can be attributed to our workforce reductions centered in the China region and within the Sustainalytics business group—both cohorts have an employee population that is majority female. Our US underrepresented minority turnover was 14%.

#### Male vs. Female Turnover



#### Underrepresented Minority (URM) vs. Non-Underrepresented Minority Turnover (NURM) US

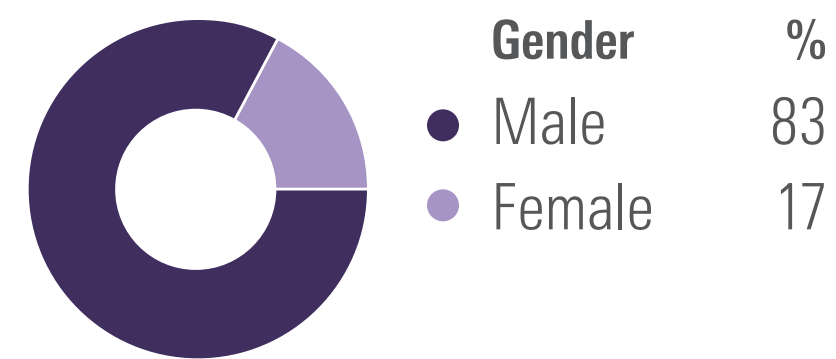




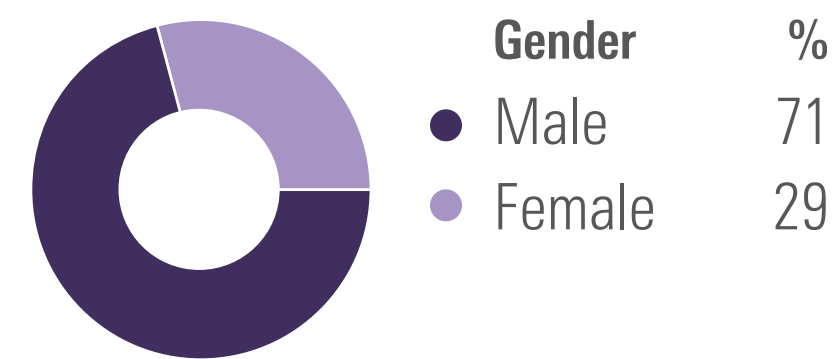
### Gender Diversity by Hierarchy in Full Organization<sup>xiii</sup>

11,334 Employees

#### Executive Management (<1% of Total)

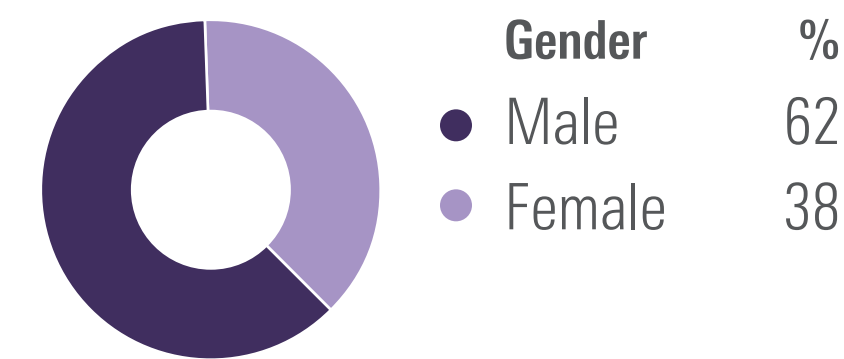


#### Senior Leadership (2% of Total)

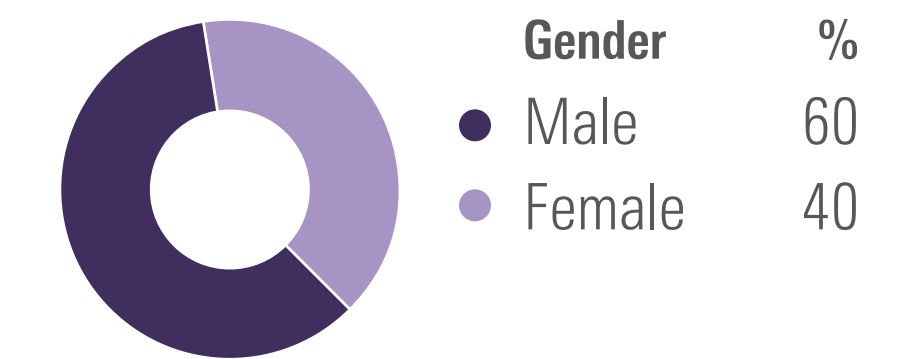


### Global Gender Diversity by Role Functions

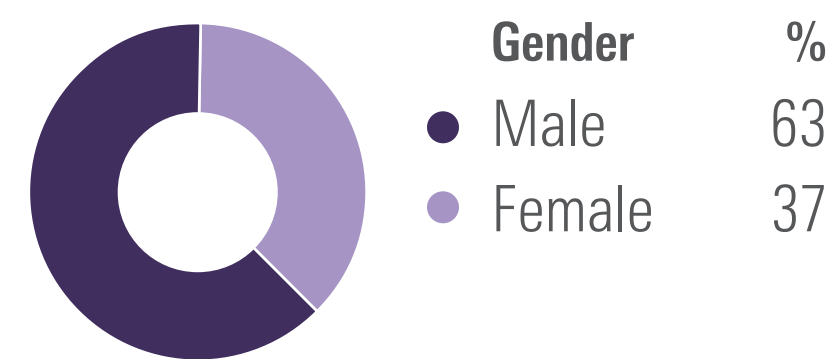
#### Investment Research Roles



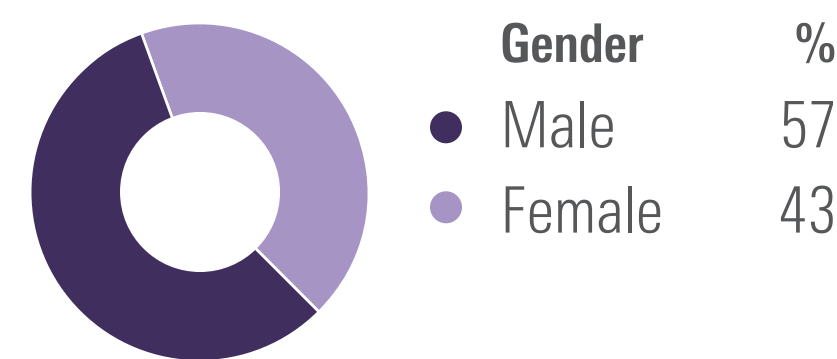
#### Data Management Roles



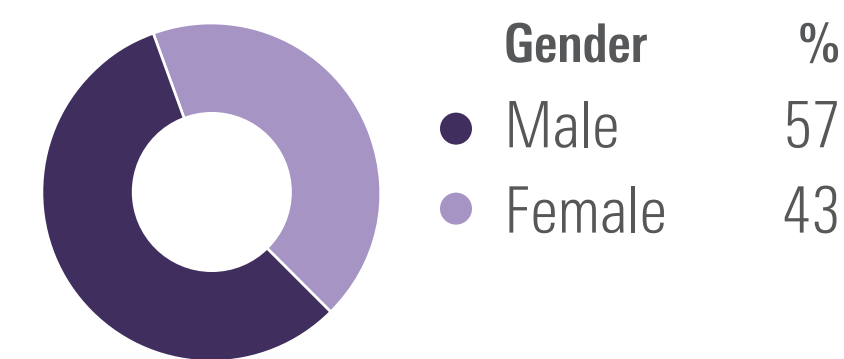
#### Mid-Level Roles (48% of Total)



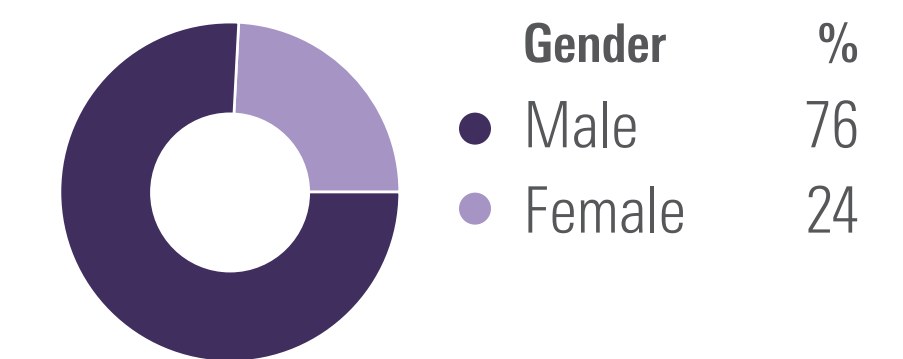
#### Entry-Level Roles (50% of Total)



#### Client-Facing Roles



#### Technology Roles

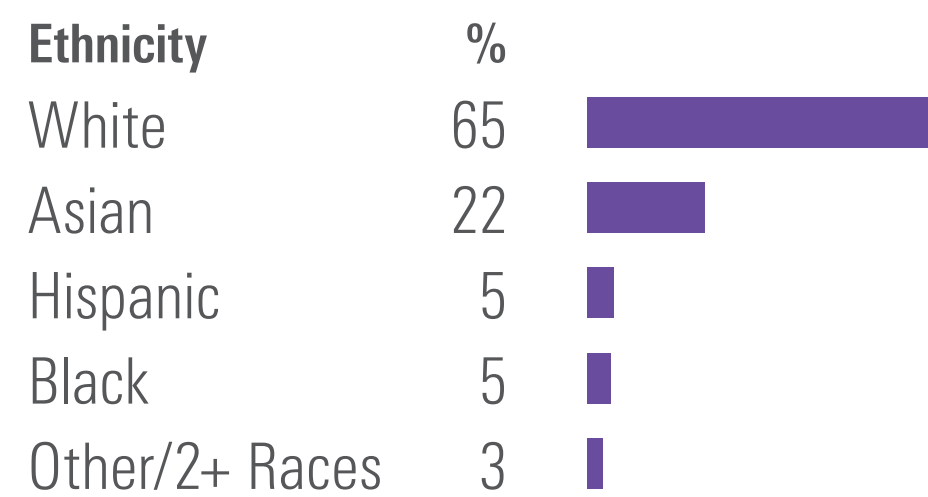


In 2023, 40% of our workforce was female across our global regions. Women received 44% of internal promotions. We observed a 6% increase in female senior leaders to 29% in 2023 from 23% in 2022. We seek to have equitable female representation throughout the leadership ranks and pipeline.

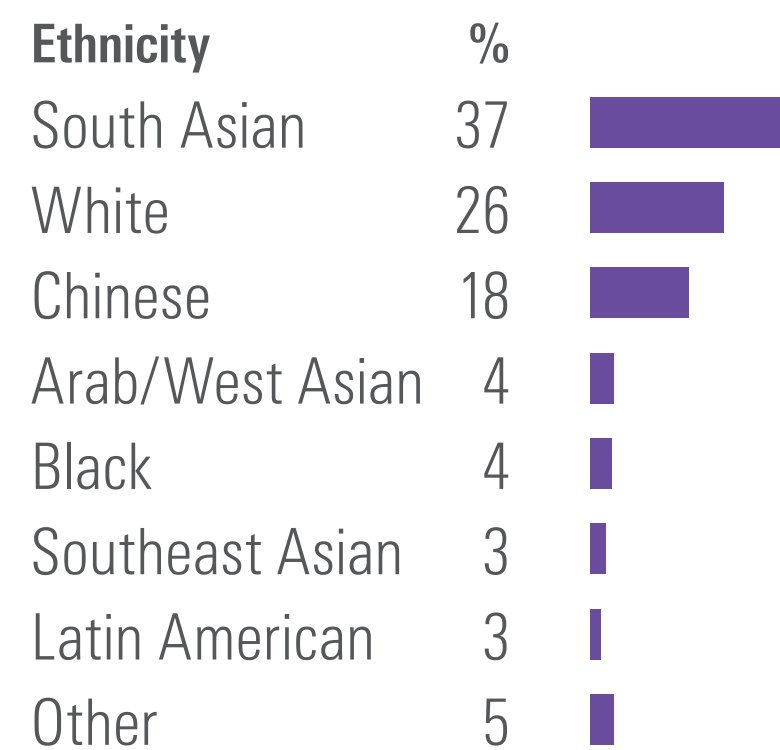
Our gender representation in investment research, data management, and client-facing roles is closely aligned with our aggregate global measure of 40% female. In the future, we seek to increase gender representation in the firm's technology functions.

## Racial Diversity in the US and Canada

### Racial identity of colleagues in the US<sup>xv</sup>



### Racial identity of colleagues in Canada<sup>xvi</sup>

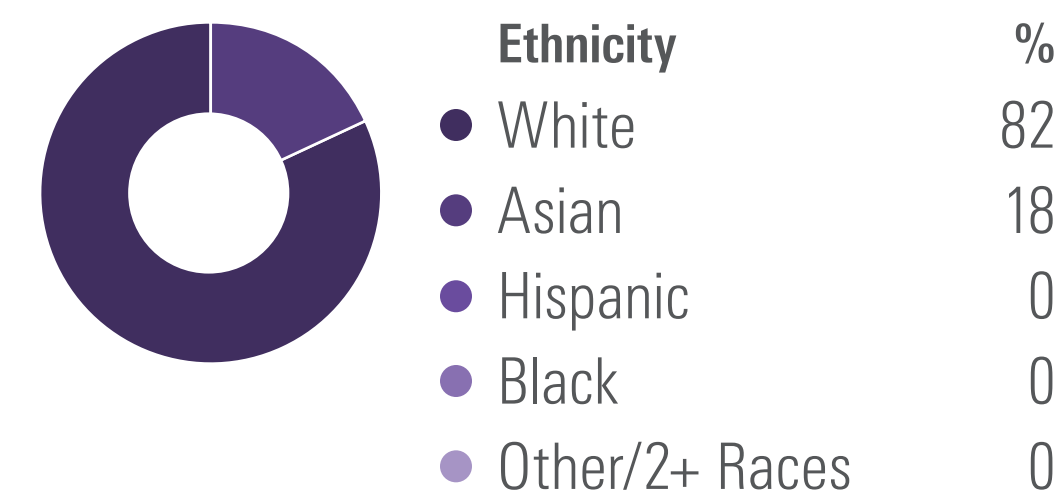


In regions where we are able to track racial identification, our teams largely identify as white or Asian<sup>xiv</sup>. As an employer of choice and responsible corporate citizen, we comply with applicable privacy requirements while encouraging self-identification as needed to appropriately assess the progress of equitable outcomes for gender, race, and other categories. We're pleased that most colleagues in both the US and Canada regions consent to disclosing information on their race/ethnicity, sexual orientation, gender identity, and disability status.

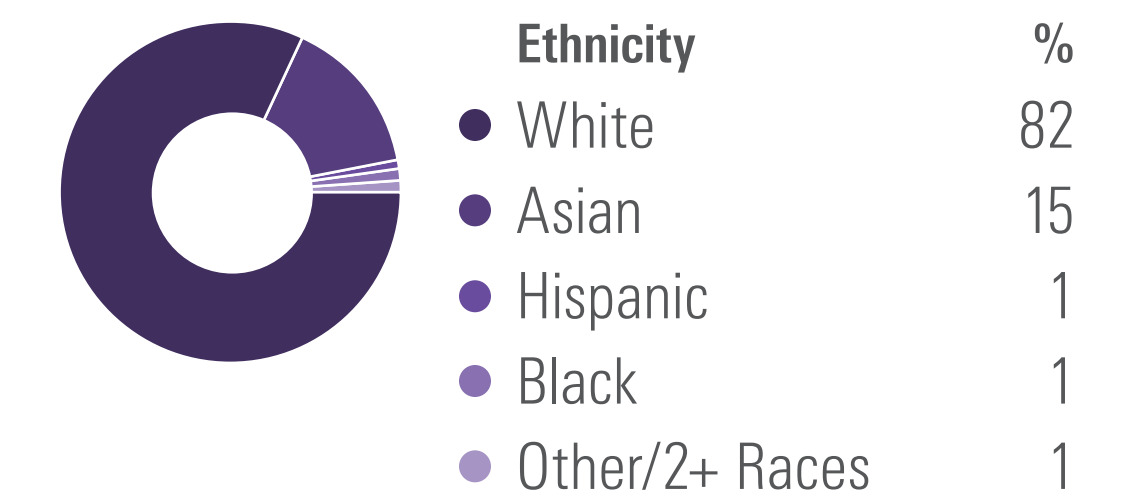
Among many priorities, workforce diversity and multicultural leadership pipeline development will be key areas of focus for us as a global firm committed to being reflective of an increasingly competitive global marketplace.

## Racial Diversity by Hierarchy in the U.S.

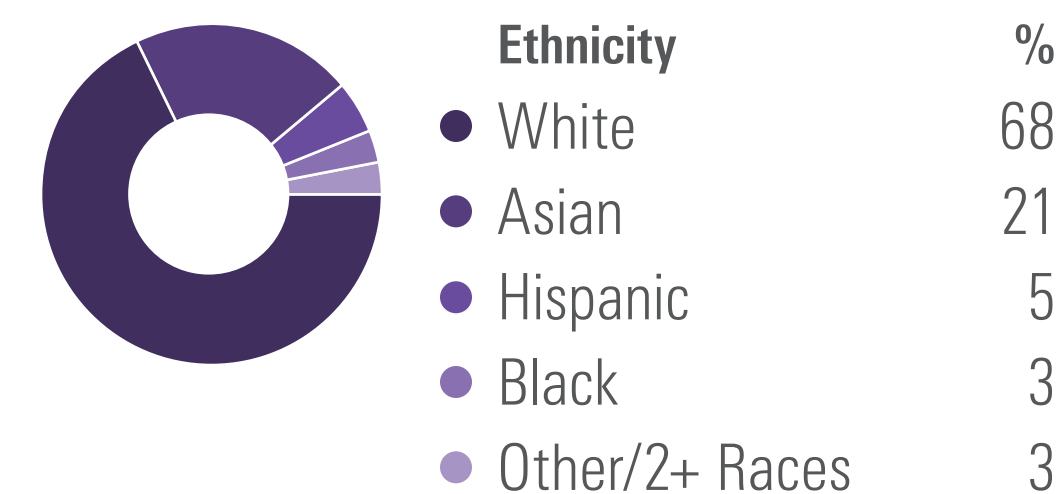
### Executive Management



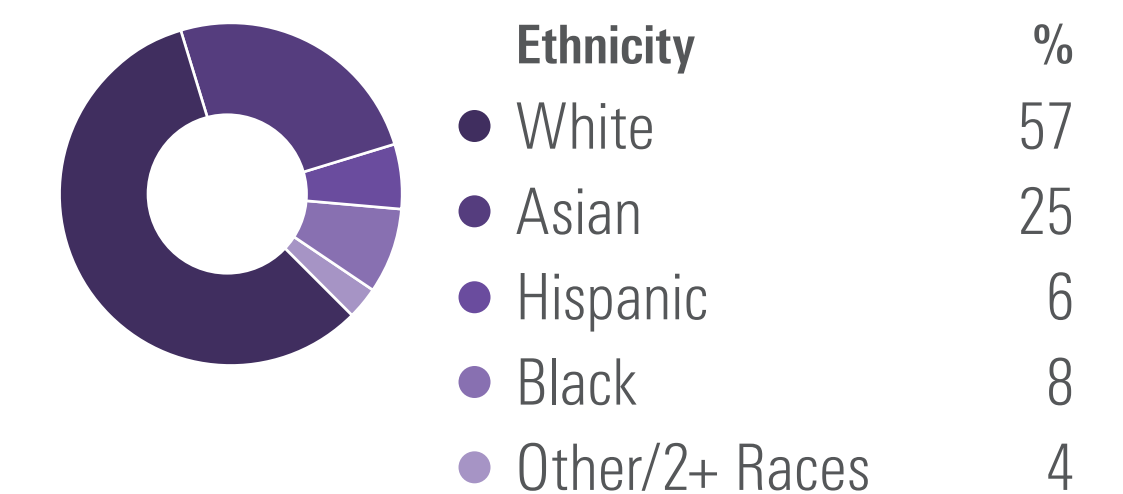
### Senior Leadership



### Mid-Level Roles



### Entry-Level Roles

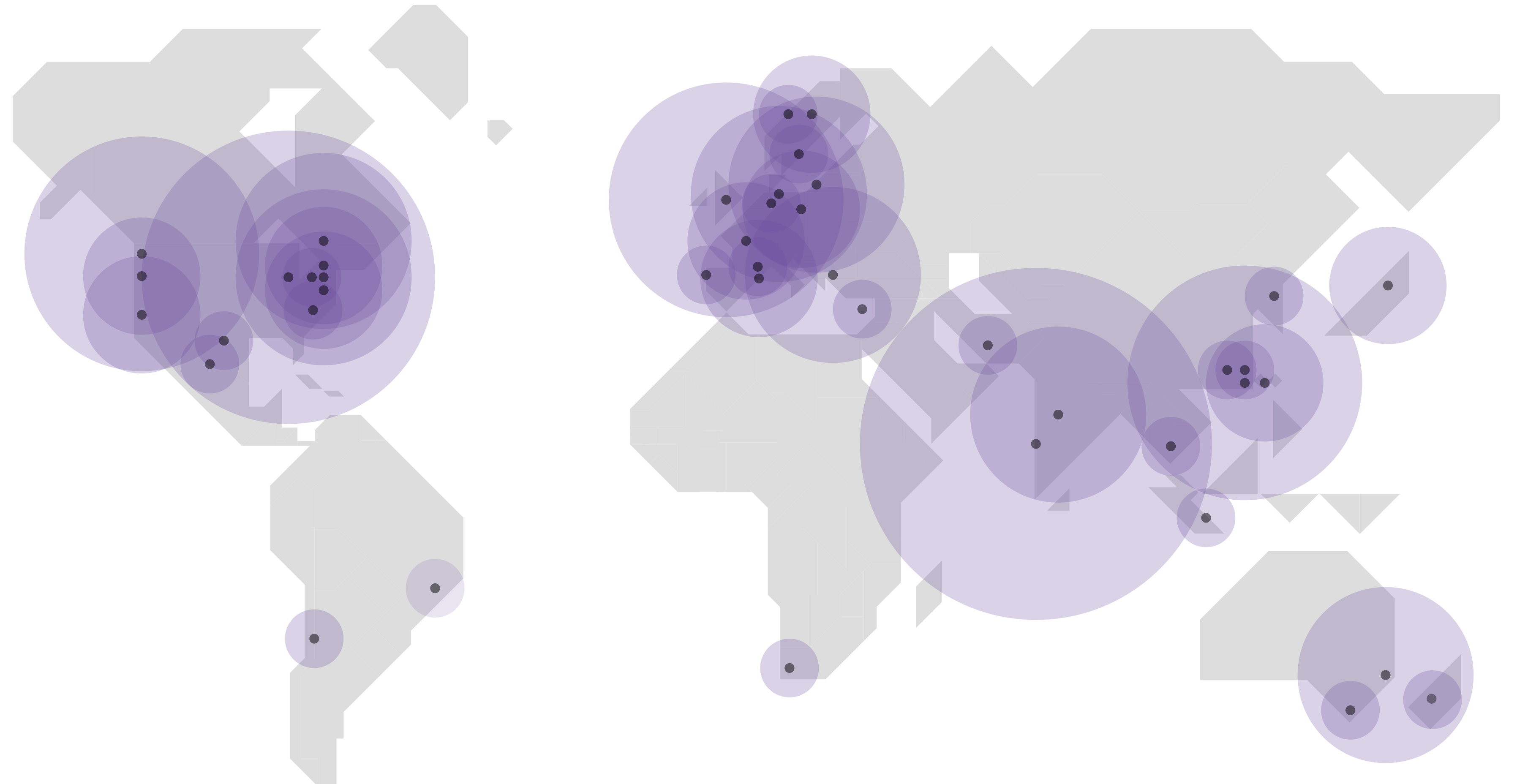




## 11,334 Global Colleagues

### 32 Markets

- Australia
- Belgium
- Brazil
- Canada
- Chile
- China
- Denmark
- France
- Germany
- Hong Kong
- India
- Italy
- Japan
- Jersey
- Luxembourg
- Mexico
- The Netherlands
- New Zealand
- Norway
- Poland
- Romania
- Singapore
- South Africa
- South Korea
- Spain
- Sweden
- Switzerland
- Taiwan
- Thailand
- United Arab Emirates
- United Kingdom
- 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 about compensation reflects our values and a true commitment to fairness and growing and maintaining an equitable workforce, so we release global pay data on an annual basis. We're proud of our recognition in these efforts as a certified Fair Pay Workplace, and we maintain compliance with the Fair Pay Workplace Rules and Standards.

Our transparency into compensation across the organization grew in 2023, as Morningstar made pay ranges for roles visible to employees for their own roles across North America. In early 2024, each employee's pay range for their role was made available globally. These pay ranges provide colleagues with a better understanding of data previously only available to leaders and managers when making pay decisions. Additionally, this transparency supports productive conversations between colleagues and their managers relative to performance and career development.

In our pay equity studies, Morningstar utilizes a multivariate regression model and state-of-the-art pay analysis software. Our pay equity data reflects the pay gaps prior to compensation adjustments for remediation, increasing the transparency into the strength of our proactive compensation program. In our analysis, Morningstar focuses on gender (globally) and underrepresented minority compared with non-underrepresented minorities (US only, the country where we currently collect this data) as the diversity dimensions<sup>xvii</sup>. We measured two pay equity concepts—adjusted and unadjusted pay gap, explored in detail on the next two pages.



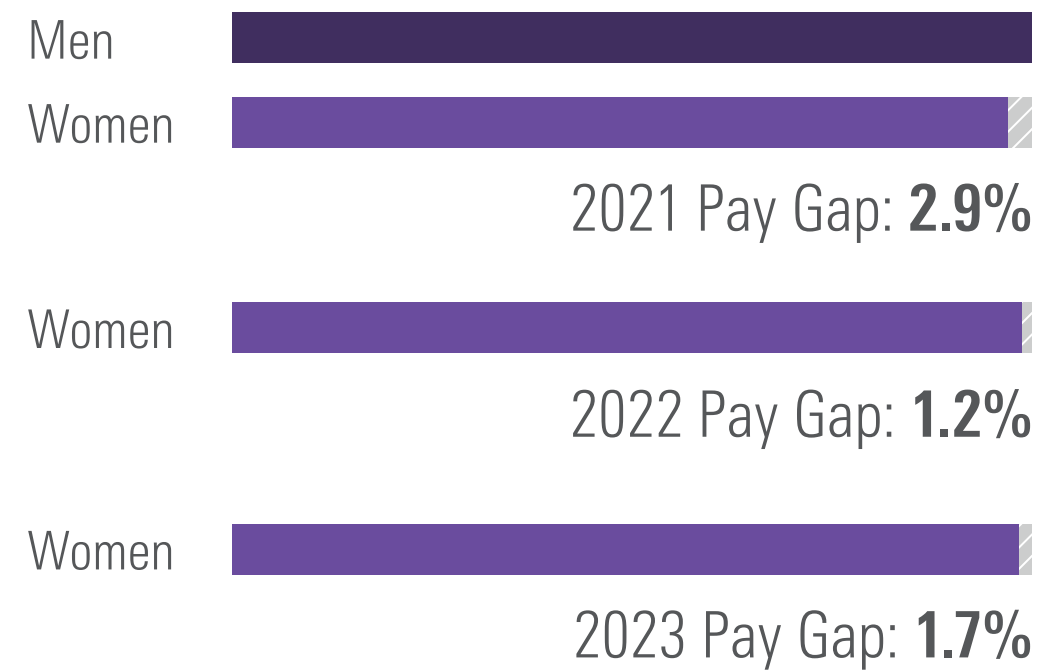
The Germany and Switzerland chapter of the ERG, Morningstar Women's Initiative, held a career panel with female leaders to celebrate International Women's Day.



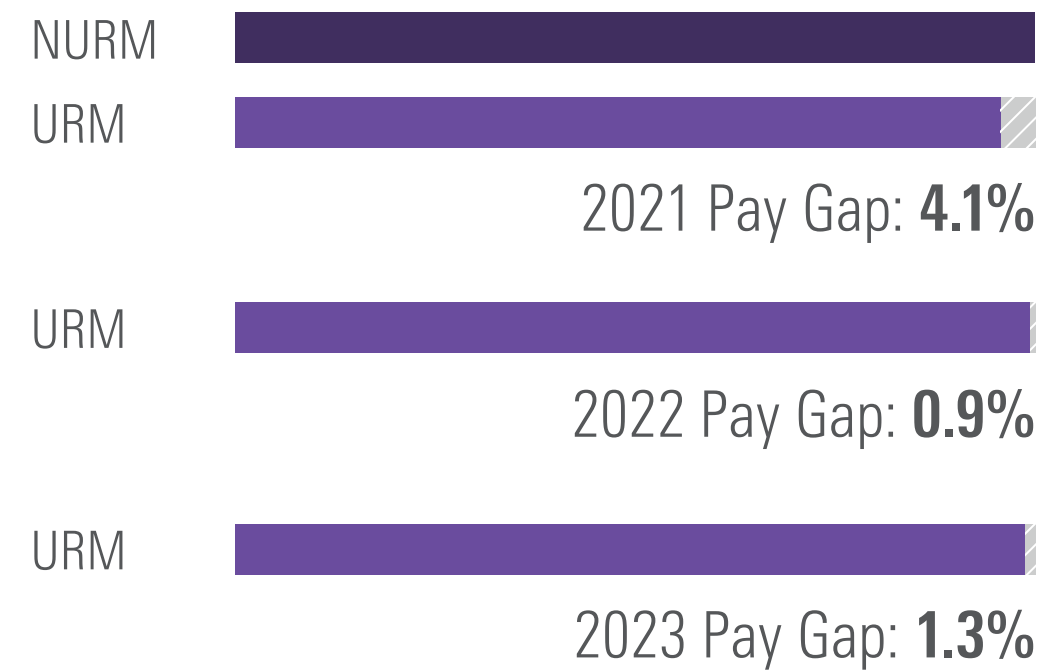
## Pay Equity Data

### Adjusted Pay Gap Data

#### Full Company



#### US

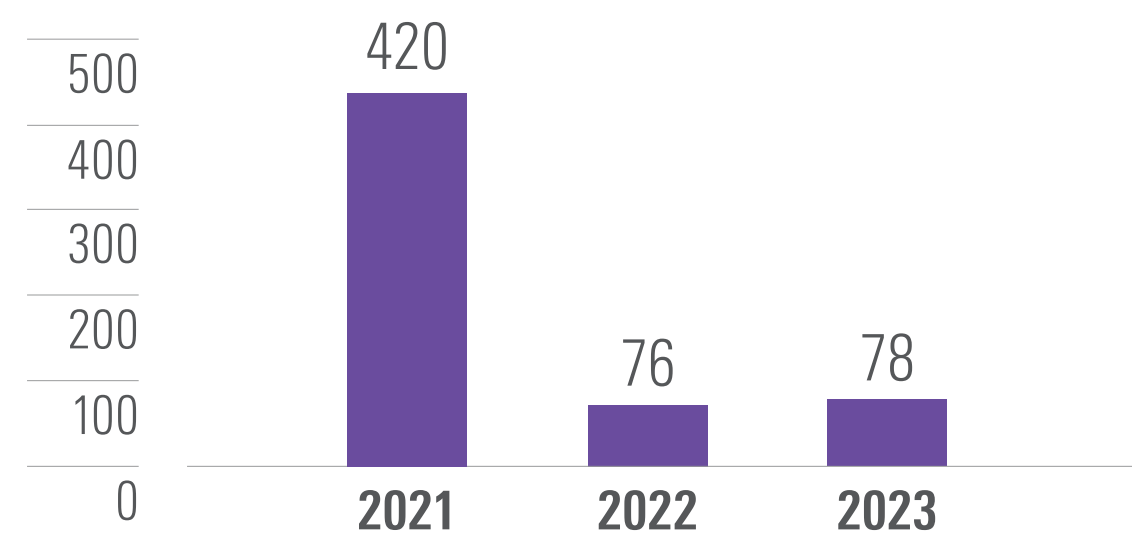


The adjusted pay gap tracks equal pay for equal work. It examines a group of employees performing substantially similar work and looks for pay practices that result in lower pay for the measured peer group.

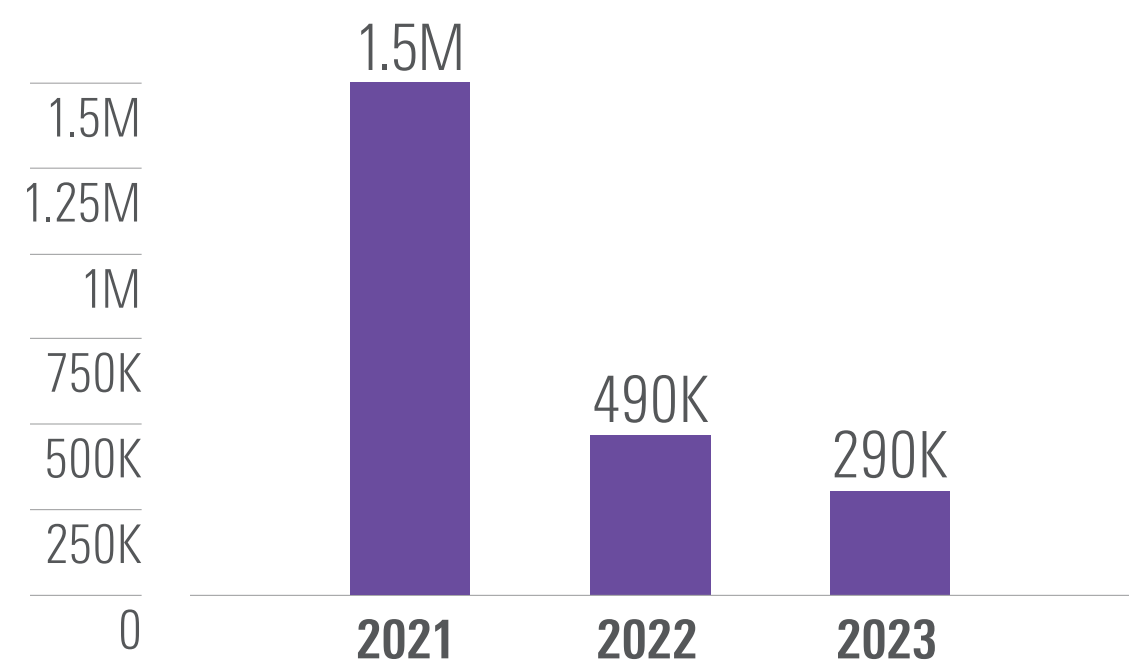
Globally in 2023, women made 98.3% of what their male counterparts made via the adjusted pay gap. In the US, underrepresented minorities made 98.7% of what non-underrepresented minorities made. Our 2023 adjusted pay equity examination resulted in pay changes for a similar number of employees compared with our 2022 study; however, the amount spent on pay equity adjustments dropped to USD 290,000 in 2023 from approximately USD 490,000 in 2022, indicating reduced pay gaps.



### Number of Employees Who Received a Pay Increase Due to Adjusted Pay Gap Analysis



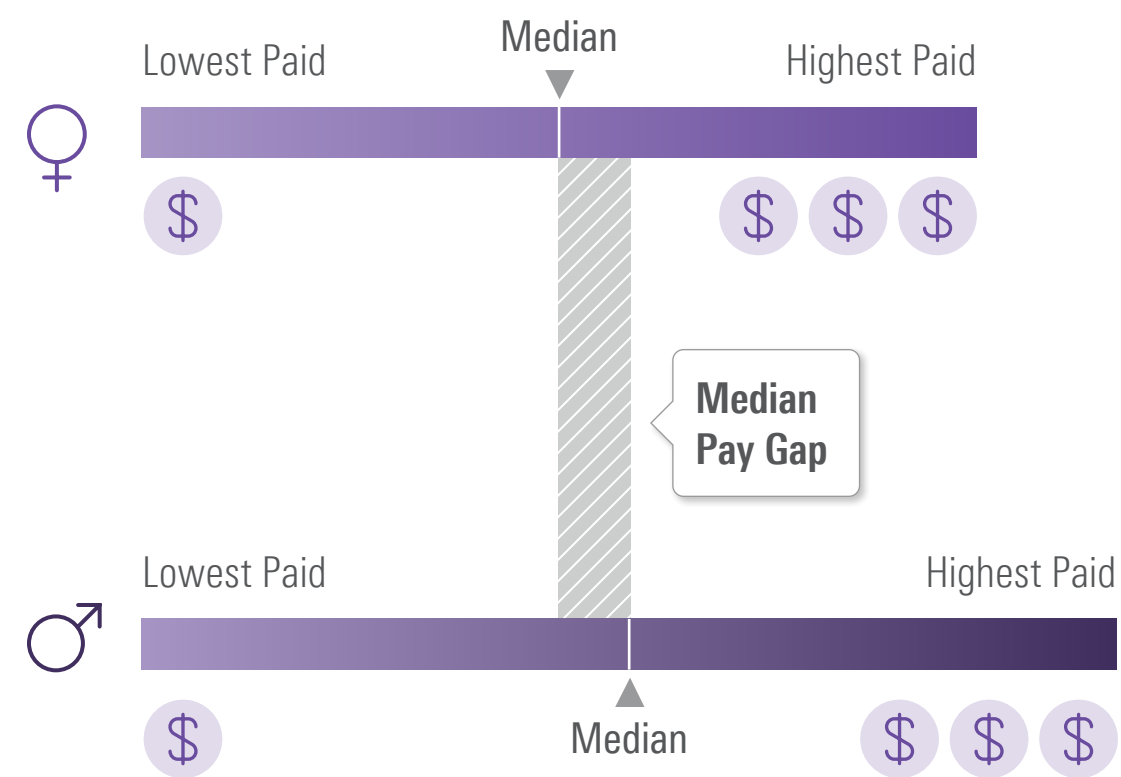
### Amount (USD) Spent on Pay Equity Adjustments





## Pay Equity Data

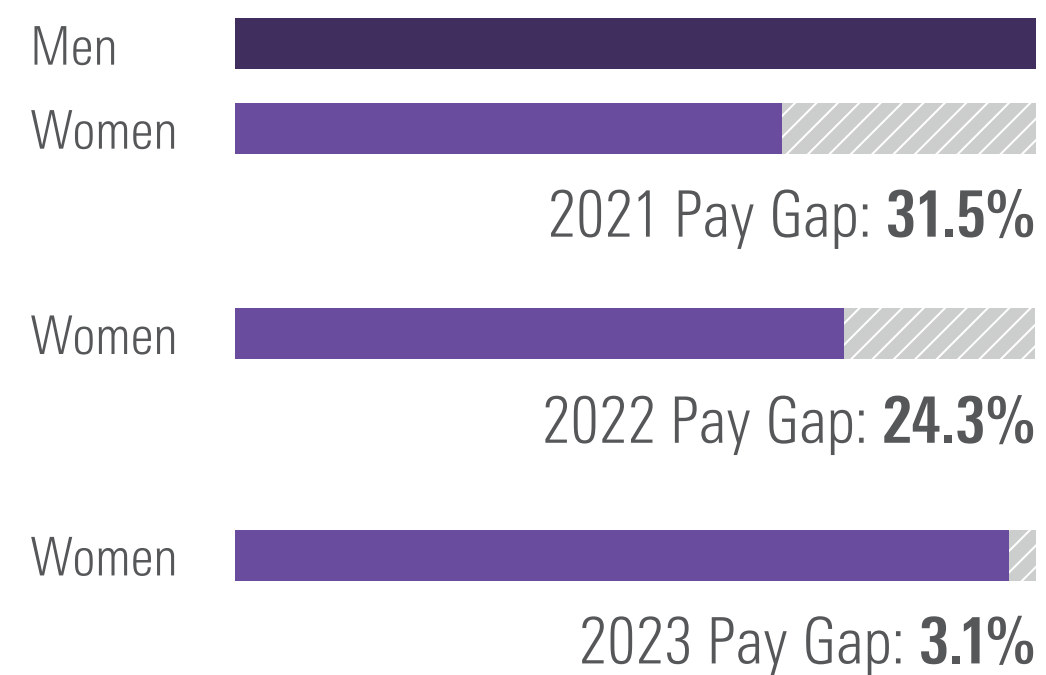
### Unadjusted Pay Gap Calculation



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.

### Unadjusted Pay Gap Data

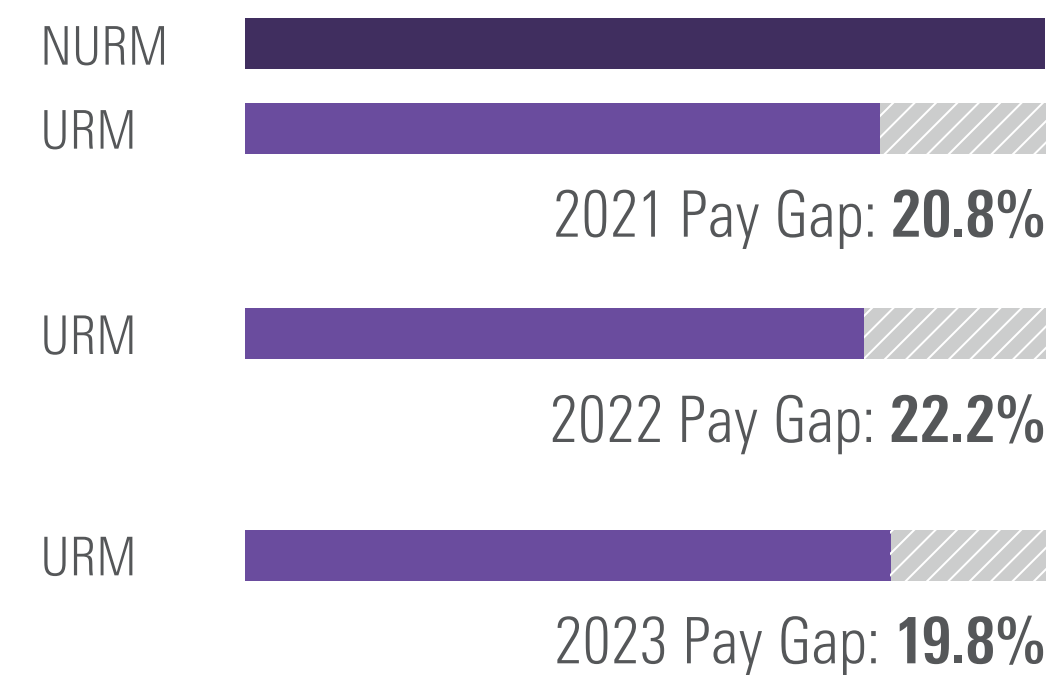
#### Full Company



Our DEI work to improve representation of various demographic groups across the organization is designed to address this opportunity gap.

Notably, our global unadjusted gender pay gap decreased significantly in 2023, as women made 75.7% of what men made in 2022 and women made 96.9% of what men made in 2023. However, this reduction in our unadjusted pay gap is largely due to increased hiring of entry-

#### US



level males to the organization, closely balancing the median pay across genders. We still have work to do to increase female representation in leadership positions. In 2023, underrepresented minorities in the US made 80.2% of what non-underrepresented minorities made via the unadjusted pay gap, a slight improvement compared with 77.8% in 2022.



Because of the size of our PitchBook business in the United Kingdom, Morningstar now publishes a UK Gender Pay Gap Report available at our [Sustainability Policies and Reports Center](#). Although we are only required to report the UK pay gap data for our PitchBook entity, we've reported on our data and strategy for the full Morningstar UK region with supplemental PitchBook-specific data provided. This reflects our commitment to increased transparency into our compensation program and highlights that our strategy for equitable compensation and diverse representation is managed with the same strategy and rigor across our global businesses.



**Launch of Our India ERG Chapter, Quetzal:** An interview with Rashmi Pandit, compliance director and Quetzal chapter lead



**Rashmi Pandit**  
Compliance Director

*In 2023, Morningstar’s India office launched Quetzal, the India chapter of Morningstar’s LGBTQIA+ ERG. The launch of this ERG exemplifies Morningstar India’s efforts to embrace diversity and inclusion. Rashmi Pandit, Quetzal lead, discusses the group’s 2023 efforts.*

**How has the formation of the Quetzal ERG influenced the India office in 2023?**

Quetzal’s mission is to support and work with the Morningstar offices in India to embrace and affirm the identities within the LGBTQIA+

▮▮ The launch of Quetzal has furthered our commitment to advocating equal rights for all colleagues, advancing support for the LGBTQIA+ community, and making the India offices inclusive for all colleagues. ▮▮

community. Quetzal was given its name as the red and green colors of the Quetzal bird represent freedom, life, and prosperity, which are founding principles of our ERG. The launch of Quetzal has furthered our commitment to advocating equal rights for all colleagues, advancing support for the LGBTQIA+ community, and making the India offices inclusive for all colleagues. We made exceptional progress on initiatives for the LGBTQIA+ community in 2023. The Quetzal ERG worked alongside our people and culture team to update policies with our India region to better reflect the protection of individuals who identify as LGBTQIA+ to ensure they have effective mechanisms for raising concerns, reporting forms of harassment, and ensuring equal opportunity for all.

**What additional initiatives have you worked on this year?**

In addition to policy changes, we were able to make a small, yet significant, infrastructural change by providing all-inclusive washrooms in the India offices. These were introduced to provide safe spaces for all colleagues and are a small milestone in our goal to make our workplace truly inclusive. Throughout the year we also hosted multiple discussions and panels with DEI leaders, focused on building awareness and understanding across our community. Zainab Patel, head of diversity and inclusion at Pernod Ricard, spoke with Morningstar India leaders about ways in which they could examine their own biases, engage in open dialogue, and create a more equitable and inclusive culture.

During Pride month in June, we held numerous activities, both in-person and virtually, which encouraged colleagues to learn more about LGBTQIA+ rights and provided avenues for discussion on issues of gender identity, prejudice, and allyship. Recognizing all our efforts toward LGBTQIA+ inclusion, we were awarded a Silver Employer for LGBT+ Inclusion by the India Workplace Equality Index, which is India’s only comprehensive benchmarking tool for companies to measure their progress on LGBTQIA+ inclusion.

**What’s next in 2024?**

We are proud of the work we were able to accomplish in 2023 and aspire to further elevate and amplify our diversity and inclusions efforts in the coming year. In 2024, we are focused on furthering initiatives such as exploring additional healthcare coverage opportunities, improving internal and external communication efforts, and hosting more events to build awareness and community for our LGBTQIA+-identifying colleagues. We additionally seek to provide more training opportunities and continue to amplify efforts with senior leaders across our region.



## Training, Education, & Career Development

*This topic is prioritized by our employees & stakeholders*

Morningstar offers a variety of educational and career development programs to ensure professional growth opportunities for 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 routinely hear from our global teams that development opportunities are both a reason why they first joined the firm and a critical reason they stay, so prioritizing these programs amplifies our long-term success.



Morningstar colleagues coordinate on a design project.



### Core Programs for Our Colleagues

Morningstar offers a variety of programs accessible to employees at all levels and roles globally.

#### Educational Stipend

An annual, individual stipend is available to all colleagues to apply toward external educational programs and learning resources of their choice that fuel their unique areas for growth.

#### CFA Credential Stipend

Our Chartered Financial Analyst stipend covers all exam costs associated with receiving the CFA credential. This stipend can be used toward obtaining a CFA, CAIA, or the CFA ESG Investing Certificate. In 2023, Morningstar had 371 chartered CFAs.

#### Morningstar Scholars

Morningstar Scholars is an application-based global tuition assistance and development program that, in 2023, provided up to 80% tuition reimbursement (up to USD 20,000 per year) to fund degrees and certifications from accredited academic institutions for selected employees. We had 82 Morningstar Scholars

in 2023. In 2024, we will continue to enhance our offerings for this program.

#### Digital Learning

Morningstar colleagues have access to Trellis, our digital learning management platform, which provides various self-paced learning modules from diverse content partners internally and externally. Internal subject matter experts from across our business can create their own educational training modules, which are then made available to colleagues within Trellis. This catalog of learning opportunities provides accessible skill development on a wide range of topics.

#### Great Books

Morningstar partners with the University of Chicago’s Graham School of Continuing Liberal and Professional Studies to offer a global “Great Books” program. These three-week courses are offered throughout the year, providing colleagues exposure to well-recognized literature that challenges modern perspective. Participants are provided with reading assignments followed by facilitated discussions and healthy debate.

Through Morningstar’s Coaching Leaders program, my career coach guided me through goals to enhance my career growth. He helped me develop as a people manager, improve the quality of my partnership relationships across the firm, and grow my self-confidence at work.



**Charity Blue**

Director of Product Management, Sustainability  
Morningstar

### Offerings for Career Development Across Job Levels

Morningstar offers career development opportunities tailored to colleagues at every level within the organization, spanning from our newest members to our executive leaders. We aim to provide resources for impactful learning, growth opportunities, and people management skills that cultivate a culture of high-performance across the organization.



#### Early Career

##### Morningstar Development Program

The Morningstar Development Program provides recent university graduates and entry-level talent with learning and development opportunities that teach professional and job-specific skills. Through this program, we place new hires into a robust onboarding and developmental experience during their first two years at Morningstar. In the US, for example, program



participants gain experience through on-the-job learning, join career development workshops, receive formal mentoring, and have opportunities to try out new experiences through stretch assignments. MDP also offers specific tracks designed to prepare colleagues for careers in specific disciplines, including equity research, quantitative research, credit, sales & customer success, technology, finance, and general business.

The MDP program is currently active in the US, Canada, Spain, and the UK, with 317 participants. Additionally, there is a large-scale, modified entry-level support pilot program running in India with approximately 1,500 participants. This reflects Morningstar's commitment to help our newest talent build a foundation for long careers at Morningstar.

### Pathways for Building Careers

As part of our early career development program, we offer career-specific, on-the-job learning experiences throughout the year to provide specialized growth opportunities in different areas of our business. Our ESG, manager research,

equity research, credit ratings, editorial, and quantitative research teams offer the opportunity to work on projects with their teams to allow early career individuals to gain valuable experience, build relevant skills, and grow their network.

### Early Career Workshops

Morningstar's early career workshops aim to expand the knowledge base of participants and cover a range of topics including Morningstar thought leader insights, workplace best-practice training, career exploration, and skills-based workshops, providing participants with a well-rounded and enriching learning experience. The workshops serve as a platform for networking and career exploration, enabling participants to broaden their horizons and make informed decisions about their professional trajectories.

### Mid-Level Career

#### Advancing Leaders

Morningstar provides a focused learning journey for leaders and managers. The Advancing Leaders learning modules are designed around building leadership competencies to develop

existing and aspiring leaders throughout the organization. These modules include self-study, instructor-led, and peer-interactive sessions.

### Coaching Leaders

Morningstar's coaching program pairs aspiring leaders with high-performing senior leaders to help support their growth and development. Our mentoring program offers employees a chance to connect and learn from others in similar positions.

### Amplifying Support for New Managers

We continue to recognize the need to support new managers as they navigate a new juncture in their career. This year, we developed new manager orientations that provide training and guidance to colleagues as they take on more responsibility in their roles. These orientations provide skill development opportunities and a space to connect with fellow managers. We also provide coaching and mentoring opportunities for new managers and have published new general manager guidelines such as career conversation tools that will enable new managers to successfully lead their direct reports.

**71%** Employees believe Morningstar is committed to their career development

**99%** Eligible employees received a formal talent review

**\$560** Morningstar spent USD 560 on education and career programs per employee in 2023

### Senior and Executive Leaders

**Growth Opportunities for Leaders**  
In 2023, Morningstar enrolled several of our senior leaders in an accelerator program, facilitated by The Leadership Consortium that provides executive coaching and development opportunities to top talent. We also actively engage in executive leadership programs led by the Corporate Leadership Center, designating an executive team member and female senior leader to partake in development workshops and networking opportunities while growing leadership skills and catalyzing career advancement for women within the organization.



## Community Engagement

*This topic is prioritized by our employees & stakeholders*

As a global employer reliant on flourishing locales and an industry leader committed to empowering investor success, we feel we have a responsibility to address community needs aligned with our corporate sustainability goals. We're committed to investing in the long term by leveraging our unique expertise, passionate people, and financial resources.



Colleagues in our Mumbai office volunteer for Global Volunteer Days.



## Key Offerings

### Matching Gifts

Morningstar matches employee charitable giving to any US 501(c)(3) nonprofit or equivalent global organization up to USD 750 (or local equivalent) per employee per calendar year. In 2023, Morningstar donated USD 1.67 million through employee donations, company matches, and Morningstar corporate grants. Employee amplification efforts resulted in 57% of employees donating to nonprofit organizations.

### Volunteer Time-Off

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

### Dollars for Doers

This 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 eligible causes up to USD 750 per calendar year.

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**57%** Employees participated in programs for nonprofit donations

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### Global Volunteer Days

Our annual Global Volunteer Days provide Morningstar colleagues the chance to participate in volunteer efforts in their local communities. Through organized events with community partner organizations, employees have the chance to connect with colleagues and volunteer during regular working hours. Out of the 235 available projects in 2023, employees contributed in various ways such as working with students, fighting food insecurity, and restoring the environment.

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**63%** Employees volunteered in 2023

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**235** Total number of global volunteer day projects

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### Global Giving Drive

Morningstar hosts an annual Global Giving Drive, which promotes employee donation to local nonprofits that are either fighting hunger or preserving the environment. These themes were selected based on feedback from our colleagues to align with Morningstar's commitment to sustainability while addressing global challenges. During the drive, Morningstar matches all donations up to USD 750 through the Matching Gifts program.

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**\$1.7M** Total colleague (USD) donations, company matches, and Morningstar donations.

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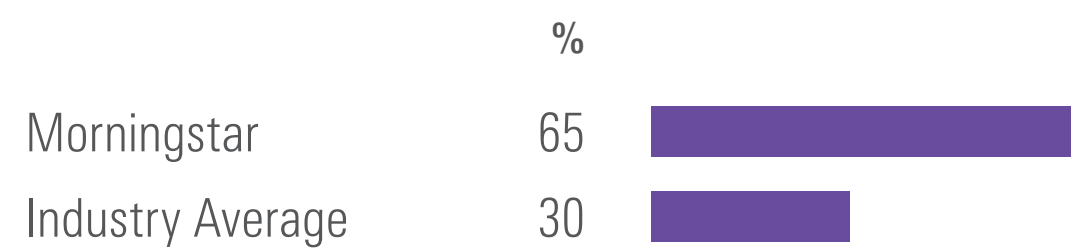


Using the Changemaker Grant, I was able to travel to Turkey with the nonprofit to help build structures for new houses, provide food for people in need, and act as a translator between our team and the local citizens.



**Cristina Chira**  
Customer Success Team Manager  
Morningstar Sustainalytics

**Morningstar Participation in Community Programs Compared With Finance Industry<sup>xviii</sup>**



**Board Service Program**  
This program supports employees who seek to contribute to a nonprofit organization more deeply through holding a position on the nonprofit board. The Board Service Program provides ongoing training, networking, and financial support for aspiring and current board members looking to further develop valuable career skills. Additionally, the program also offers incremental financial support for anyone who is currently serving on a nonprofit board.

**Changemaker Grant Program**

In 2023, Morningstar launched a new community offering, Morningstar’s Changemaker Grant Program, where employees can apply for a grant to help amplify their individual community volunteerism. These grants can be used to support a number of efforts, such as volunteering abroad during an employee’s sabbatical or funding a race run for charity. To date, 48 colleagues have taken advantage of this program, resulting in over USD 28,000 in grants.

**48** Total number of colleagues that participated in the Changemaker Grant Program in 2023

**\$28K** Total dollar amount (USD) of grants for the Changemaker Grant Program in 2023

**81%** Employees report feeling good about the ways in which we contribute to the community

**Morningstar India’s Community Strategy**

Morningstar’s corporate giving strategy seeks to foster sustainable development and positive social impact. The program prioritizes efforts focused on climate action, decent work and economic growth, and responsible consumption and production. For example, we’ve funded projects to install boilers and procure electronic food delivery vehicles for The Akshaya Patra Foundation’s school meal program, helping to mitigate hunger for underprivileged youth. We’ve also supported the Afroz Shah Foundation’s efforts to prevent the generation of plastic waste and remove legacy waste from the environment. By fostering sustainable relationships with nonprofits and facilitating employee volunteerism, we’re not only making a difference today but also laying the groundwork for a more resilient and equitable future in India.

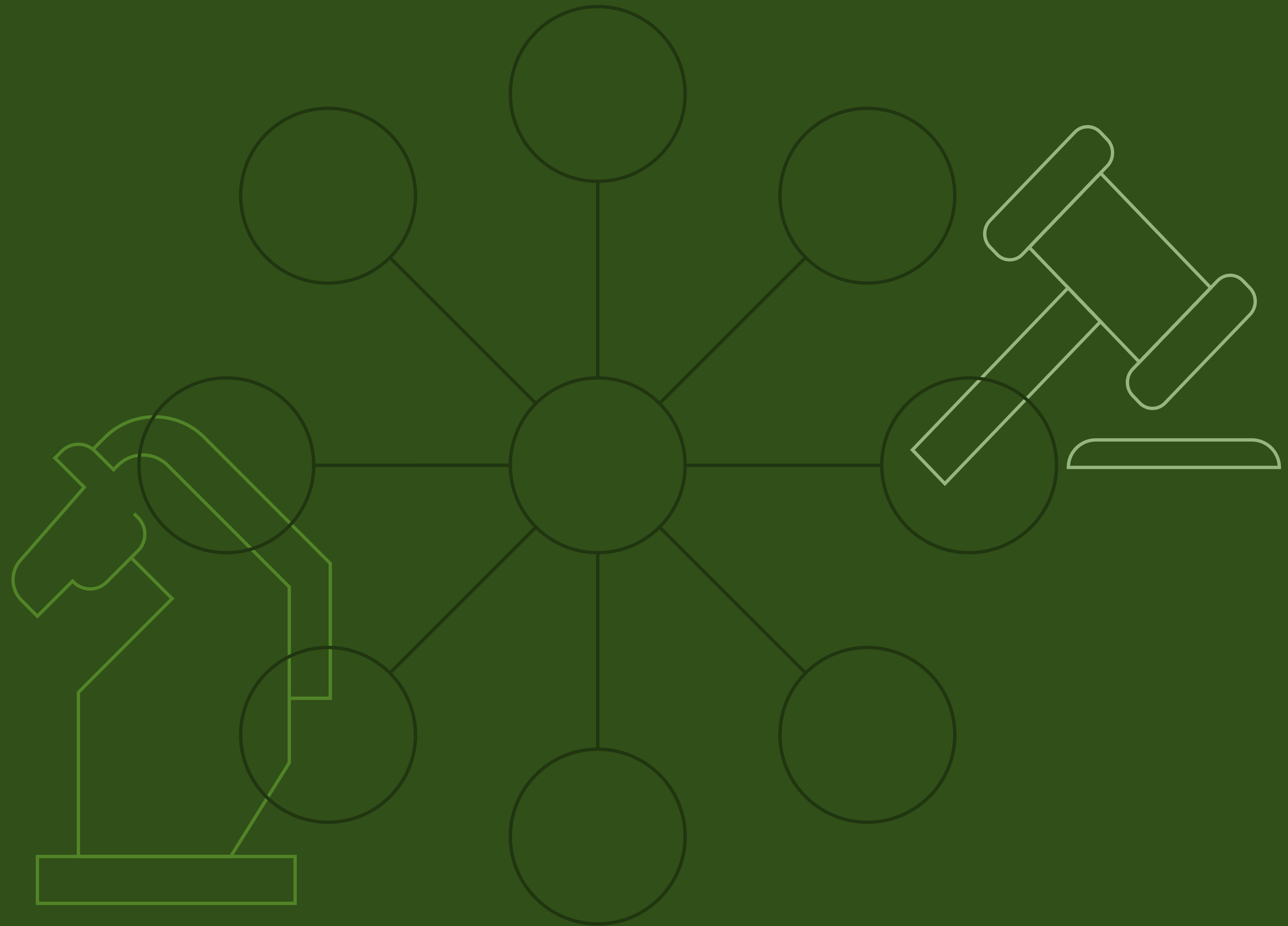


## Governance

Strong oversight and accountability are crucial to 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 governance with these principles.

### Addressing Risks & 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 & 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 2023 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 active and experienced board members while leveraging the expertise and deep commitment of our founder and executive chairman, Joe Mansueto, and our CEO, Kunal Kapoor. Our board committees—Audit, Compensation, and Nominating & Corporate Governance—are composed entirely of independent directors. We believe the deep history of Joe and Kunal with the organization, paired with a majority of independent directors, benefits Morningstar by guiding and supporting our efforts to preserve our unique culture, live our mission and values, and create long-term value.

## Morningstar’s 2023 Board of Directors Data

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

Minimum Age

Average Age

Maximum Age





### Board Responsibility & Structure

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

- ▶ Audit Committee oversees topics of cybersecurity and ethics.
- ▶ Compensation Committee guides benefits, pay, and incentive practices.
- ▶ Nominating & 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 & Structure

#### Board of Directors

- ▶ Review & provide input on the company’s strategic plan
- ▶ Approve annual budget
- ▶ Monitor succession planning for the CEO & other senior executives
- ▶ Oversee organizational health
- ▶ Advise on enterprisewide risks
- ▶ 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
- ▶ **Sustainability**—Establish leading ESG position across each business
- ▶ **Scale**—Drive operational excellence & scalability to support growth targets
- ▶ **Insights**—Deliver differentiated insights across asset classes to public & private-market investors
- ▶ **Talent**—Build an inclusive culture that drives exceptional talent engagement & development



### Shareholder Engagement

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

In 2023, we introduced a quarterly Shareholder Letter from our CEO; this letter provides our CEO's perspective on our financial results and strategic priorities. We provide answers to written shareholder questions available to all shareholders at the same time through our regular 8-K filings and on our website. Through our [site](#), anyone can view answers to shareholder questions dating back to 2014. Additionally, we publish a supplemental investor deck with quarterly results to offer further context on key drivers of our financial performance.

Our management team and the board of directors are available once a year at our annual

shareholders' 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.



Morningstar CEO Kunal Kapoor with founder and chairman Joe Mansueto.



## An Interview With Morningstar Board Member, Cheryl Francis



Cheryl Francis, Morningstar board member and chair of the Audit Committee.

*Cheryl Francis has served on Morningstar’s board of directors for 22 years and serves as chair of the Audit Committee. We sat down with her to discuss how the board has evolved oversight of sustainability topics and what she views as important priorities moving forward.*

**Over your 22 years serving on Morningstar’s board, in what ways have sustainability considerations grown as a focal area for the board, and how has the board developed interaction with and oversight of these topics?**

Morningstar’s full board of directors discusses and oversees major risks facing the company. All of Morningstar’s top risks have a link to sustainability. Sustainability considerations have always been a primary focus for the board.

Over time, Morningstar’s management team and board have become clearer about how we can most effectively measure and monitor our progress across our sustainability focal areas, who will take primary responsibility for execution

▮▮ The board and management have one primary duty – to create value over the long term. We won’t be a successful enterprise unless we do that. ▮▮

and oversight, and in establishing improved processes and data collection that both moves the company forward and provides a mechanism for accountability.

Oversight of technology, systems, and data is an example of this evolution. Technology and data issues are rising in importance and complexity at Morningstar with new regulations governing data in different jurisdictions; the advent of generative artificial intelligence; an increase in cyber incidents and new reporting rules; and Morningstar’s broader portfolio of data, tools, and methods of distributing our products and services.

When Morningstar went public and we established the Audit Committee in 2005, technology was not something the Audit Committee oversaw. Over time, the board saw the growing risks in this area and the Audit Committee took the responsibility to review our technology and data risks—first once a year, then twice, and now every time we meet. We also added a board and Audit Committee member, Caroline Tsay, who has an extensive technology background. We’ve brought a particular focus to quickly integrating newly acquired companies into Morningstar security protocols and platforms. The board has also participated in exercises with members of management to address a hypothetical cyber



breach—giving everyone a better understanding of the potential issues and the decisions and roles required to respond effectively.

We continually evolve the topics and tracking mechanisms covered in the Audit Committee meetings as areas evolve and we learn more. As the risk has grown inside and outside of the company, we evolve our methods for managing and monitoring the risk.

**How do you see board responsibilities evolving to meet emerging expectations for shareholders and other business stakeholders?**

The board and management have one primary duty—to create value over the long term. We won't be a successful enterprise unless we do that. Implicit within this objective is our need to treat our employees well, to be relevant to our customers, to satisfy regulators, and engage in many other activities with a variety of stakeholders.

Changes in the external environment cause different sets of activities to take on more

importance at different times—and at these times the board will take on a larger role. For example, the regulatory environment is becoming more demanding and more diverse given the businesses and geographies that Morningstar operates in. We are strengthening and streamlining our approach to compliance within the company in response to this challenge, and the board is spending more time monitoring this area.

**What are the sustainability topics that you consider particularly important as we continue to grow the business?**

Morningstar has evolved as a leading data and analytics company. This puts a premium on our ability to collect and store data, create tools and analytics using the data in proprietary ways, make sure the data is reliable and safe, and provide our data and intellectual property in the ways our clients and customers prefer—usually through a technology interface. Our internal investments and acquisitions also have a large focus on expanding and enhancing our datasets and the unique insights we can derive from them. Likewise, technology tools, like

generative artificial intelligence, will likely have the power to accelerate and improve these activities.

This makes the sustainability topics related to technology and data of paramount importance to Morningstar's future. I believe this is an area where Morningstar has made great strides, and we can be proud of the security of our systems, our ability to recover from interruptions, the purity of our data, and the creative ways that Morningstar's various businesses have used data, analytics, design, and tools designed to bring value to investors—empowering their success. You can see these products and services across the Morningstar platform, from PitchBook, to Indexes, to Retirement, to a variety of offerings in Data and Direct. All of Morningstar's businesses seek to provide valuable insights to investors—powered by our data and analytics.

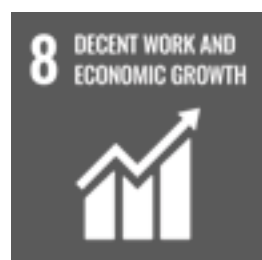


## Business Ethics

*This is a material topic for Morningstar*

Morningstar's standards for ethical behavior provide a foundation for our work and are cemented in our values. These standards inform our strong client relationships and foster a positive work environment for our people. We regularly review our policies to assess material risk in an evolving landscape and to meet the needs of our growing organization. In 2023, reflecting this commitment, we released an Environmental Statement detailing our approach to mitigating our environmental impact across our global operations.

### SDG Areas



Morningstar colleague works in a breakout room.



## 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 reputation, 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 Morningstar DBRS. More details on Morningstar DBRS compliance organization can be found at our [regulatory website](#).

## Leading Business Operations With Our Code of Ethics

Morningstar’s Code of Ethics is designed to guide our decision-making. It outlines practices related to hiring, purchasing, confidentiality, and conflicts of interests, among others. Critically, it reflects the independent nature of Morningstar’s data, ratings, and research efforts and provides clear guidelines to maintain integrity, accuracy, and independence. The code applies to everyone at Morningstar and its subsidiaries, including members of the board of directors, management, employees, and all temporary workers, interns, independent contractors, and consultants in connection with their work for Morningstar. Morningstar colleagues are required to review and sign an acknowledgment of our code on an annual basis. In 2023, 85% of Morningstar global colleagues had completed this annual certification. Morningstar's Code of Ethics is reviewed on an annual basis by our leadership team, Nominating & Corporate Governance Committee, and the board of directors as part of its oversight of key risks and compliance practices, and we consider input on the code from key stakeholders to maintain relevance for the

organization. In 2023, this review resulted in amendments to expand reporting procedures, and to include additional guidance for employees on handling investigations and external legal requests, among other topics. Additionally, Morningstar maintains an ethics hotline, which is hosted by a third-party provider. Employees are encouraged to use the hotline to express their concerns as to any violations of the Code of Ethics in a confidential and anonymous basis. The Morningstar Ethics Hotline is available 24 hours a day, seven days a week. Reports submitted to the hotline are thoroughly investigated, and if appropriate, corrective action is taken. A report summary from the Morningstar Ethics Hotline is provided to the Audit Committee at each board meeting.

### Ethics Trainings

Each year, we provide training on Morningstar’s global policies and our expectations for our employees. In 2023, this included comprehensive trainings on Global Compliance (Anti-Slavery and Human Trafficking, Human Rights, and Anti-Bribery and Corruption), Information Security, Enterprise Resilience, and Anti-Harassment.

84%

Employees report that acting ethically and with integrity on the team takes priority over achieving business results

## Implications of Artificial Intelligence

The breakthroughs in artificial intelligence over the past year have led to an increasing push across industries to incorporate AI into products and operations. To respond to the ethical challenges tied to innovation of this scale, Morningstar has established the Morningstar Responsible AI Council. The council is composed of a cross-functional group of Morningstar leadership, including representatives from Morningstar’s product, technology, information security, legal, privacy, audit, communications, and revenue functions. This council acts as an oversight body and advances the goal that Morningstar’s AI tools and products conform to generally accepted standards of AI ethics. The council also oversees the adoption of AI tools in the workplace. One of the council’s first approvals was the limited release of Morningstar’s AI chat bot, Mo, which enables our customers to conversationally engage with and explore our research.



## 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.

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### Addressing Risks & 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.





## Data & Information Security

*This is a material topic for Morningstar*

Morningstar recognizes that the trust we have built with our stakeholders allows us to maintain a strong organization. It is our responsibility to safeguard stakeholder information, and we expend considerable effort and resources to protect data pertaining to our clients, colleagues, and partners.



### SDG Areas



Morningstar colleagues connect at the IT support desk in the Chicago office.



### Privacy Program

Morningstar’s privacy program oversees the protection of customer and employee personal data, focusing on compliance with privacy regulations and upholding high standards of data ethics and transparency. The Privacy Office, responsible for managing the program, comprises members of the Information Security and Legal teams. Oversight is provided by Morningstar’s chief information security officer and head of privacy-legal, subject to oversight by the board’s Audit Committee.

### Information Security Program

Morningstar’s dedicated Information Security team is responsible for operating the firm’s comprehensive program led by the chief information security officer reporting to the chief technology officer, with oversight from the board’s Audit Committee. We also deploy a third-party risk-management program to evaluate vendors, subcontractors, and other third parties handling confidential and personal information. This assessment occurs both before establishing a contractual relationship and continuously throughout the partnership.

In 2023, Morningstar bolstered its security operations center, establishing it as the primary resource for monitoring security events and alerts and responding to incidents 24/7. The overarching goal is to reduce the response time to incidents and reduce the risk posed by cyberthreats targeting the organization.

### Enterprise Resilience Program

Morningstar’s Enterprise Resilience program proactively readies our people, offices, technology, and supporting business processes for swift recovery in the face of business disruption events. This program applies to all business units.

An integral part of Enterprise Resilience is developing and maintaining 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, 93% of our application-based revenue is resilient to unexpected outages, including those triggered by security incidents. Recognizing the inevitability of incidents, we have developed

detailed DR plans aimed at enabling us to recover from incident impacts that may cause service disruptions or data loss. These plans are tested and validated regularly for continued readiness. DR testing occurs annually or with significant changes to business processes or technology. In 2023, 93% of DR tests performed on our products were successful.

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

### Employee Responsibility in Data and Information Security

A firm’s employees represent one of its greatest sources of information security vulnerability, as numerous critical incidents in the global marketplace have stemmed from tactics originally targeting employees. We seek to manage this risk through employee training and awareness exercises throughout the year.

**93%** DR tests performed on our products were successful

**93%** Application-based revenue was resilient to unexpected outages

Morningstar employees are required to complete a number of annual trainings regarding general information security education, Morningstar’s security policies, social engineering tactics (such as phishing), and how to report and respond to security events. In 2023, we also began role-specific trainings in our treasury and developer groups as well as for our board of directors. In the future, we aim to expand trainings to additional teams. We also perform quarterly phishing exercises that act as case-study examples for employees to notice and report suspicious emails to test their knowledge of what to report.

To strengthen how we protect our employees’ access to Morningstar systems and applications, we employ Okta, an identity and access management platform, to centralize how



employee access to resources and applications is controlled and managed, adding an additional layer of control for enhanced security.

Acknowledging the expanding capabilities and availability of artificial intelligence in software systems and their associated risks, our security teams not only implement guidelines but also educate employees on utilizing AI tools safely and securely. This proactive approach is aimed at protecting the confidentiality of sensitive data and intellectual property amid the rapidly evolving landscape of emerging technologies. In the Business Ethics section of this report, we discuss our practices to build AI tools for the market and the role of our Responsible AI Council.

### **Defining and Disclosing Security Incidents**

Morningstar has adopted a definition of “noteworthy security incident” to allow for consistent reporting of incident data.<sup>xix</sup> 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 a 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.

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**0** In 2023, Morningstar had zero noteworthy security incidents



## Environmental Impact

*This topic is prioritized by our employees & 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. We understand that limiting global emissions requires a whole economy in transition and that systemic change requires ambitious commitments across the financial system. Our goals pertaining to climate reflect this understanding and support our path toward environmental impact reduction.



Morningstar colleague working independently in London office.



### Morningstar's Approach to Environmental Management

Morningstar's environmental impact is less significant than firms in heavy-emitting industries. But as a provider of climate data, research, and solutions, we embrace transparency when it comes to setting, communicating, and tracking our progress toward our key decarbonization goals: reducing our measured emissions by 50% by 2030 and reaching net zero emissions by 2050. Our most significant areas of measured impact currently are our physical office spaces, data centers, and business travel; over time, we aim to expand the scope of our measurement efforts, seeking to fully quantify emissions sources such as supply chain and financed emissions. We regularly assess our performance against industry peers. We consider our targets robust, reachable, and reflective of our commitment to being part of the broader solution to the climate crisis.

### Maturing & Data and Strategy

In 2023, we adopted programs to enhance our emissions and other environmental data quality.

We gained access to better data from landlords and refined our estimation models and calculations of emissions. Additionally, we transitioned to Salesforce's Net Zero Cloud platform to gather and calculate our global environmental data, align with the evolving needs of our environmental program, and ensure scalability. These enhancements helped identify areas in which our historical emissions data needed to be restated due to new estimation models, emissions factors, and calculations. The changes we made reflect a strengthened environmental data disclosure program, allowing us to build better strategies on our path to net zero.<sup>xx</sup>

This year, we've enhanced our scope emissions category breakdowns and provided additional transparency in important areas: To offer a more nuanced view of our scope 2 emissions, we now disclose market-based and location-based metrics.<sup>xxi</sup> This approach provides a deeper analysis of our energy consumption mix, encompassing initiatives like the procurement of renewable energy certificates and specific power purchase agreements. Similarly, our

enhanced reporting on water and waste usage provides a perspective on our efforts to limit consumption in specific areas.

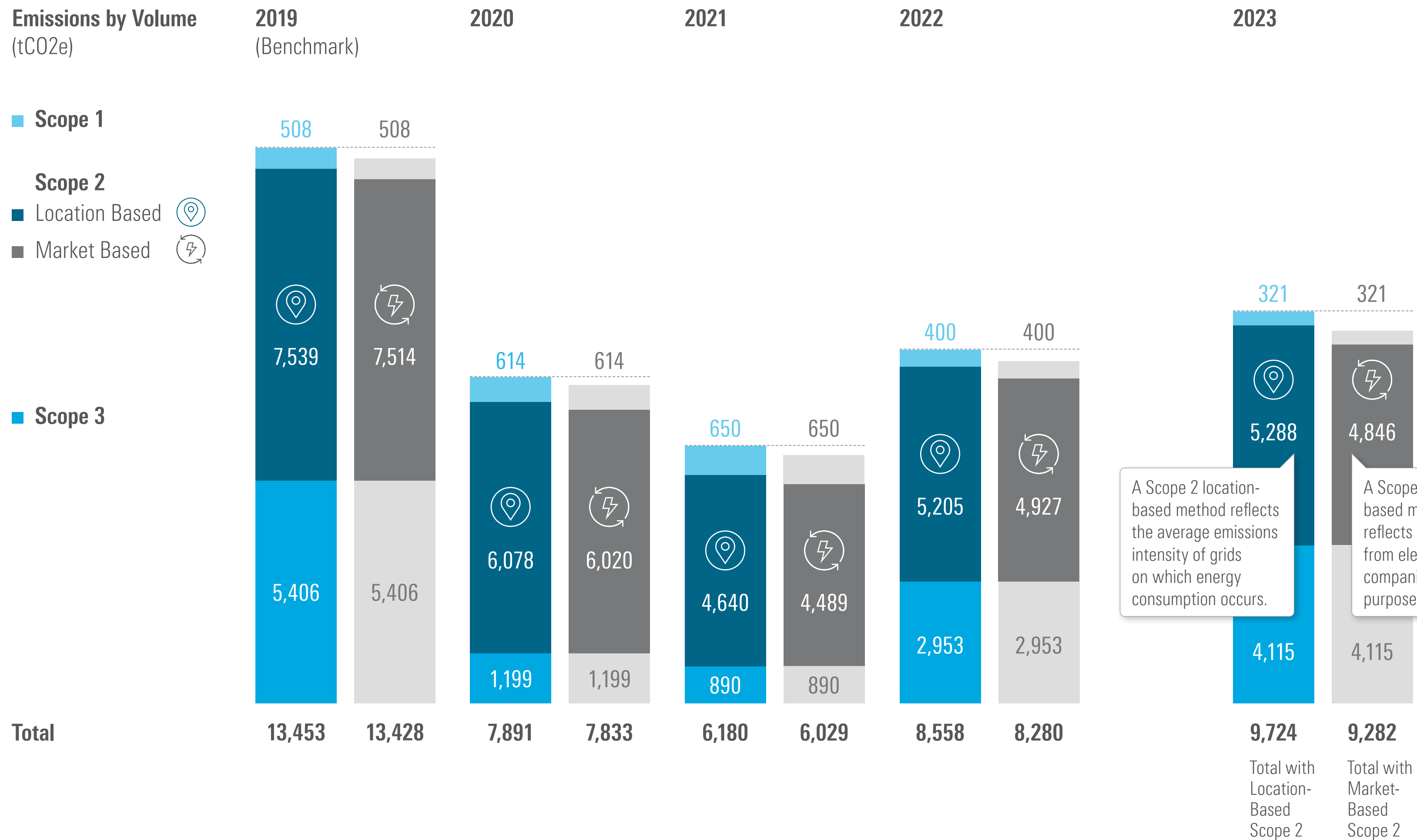
Finally, we created an Environmental Statement that demonstrates our environmental stewardship, drives climate action within Morningstar, and outlines how the firm can advance its environmental impact prevention, mitigation, and reduction efforts in a manner consistent with our publicly stated goals and objectives. This statement is available at our [Sustainability Policies and Reports Center](#).



### Environmental Impact: Our Contributions

#### Emissions by Volume (tCO2e)

- **Scope 1**
- **Scope 2**
  - Location Based 
  - Market Based 
- **Scope 3**



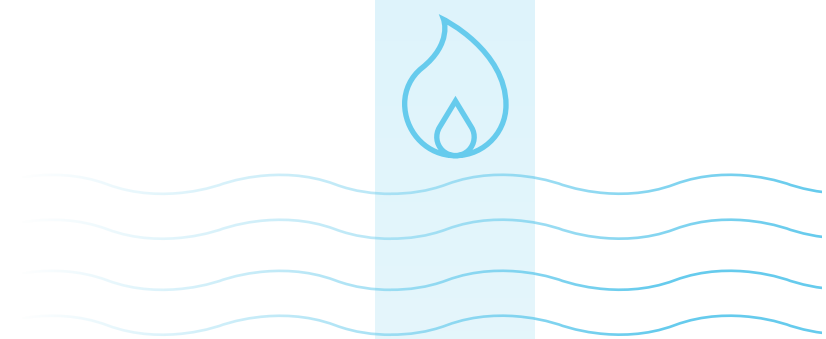
### Morningstar's Emissions

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

More details on trends in our scope breakdowns can be found on the next page.

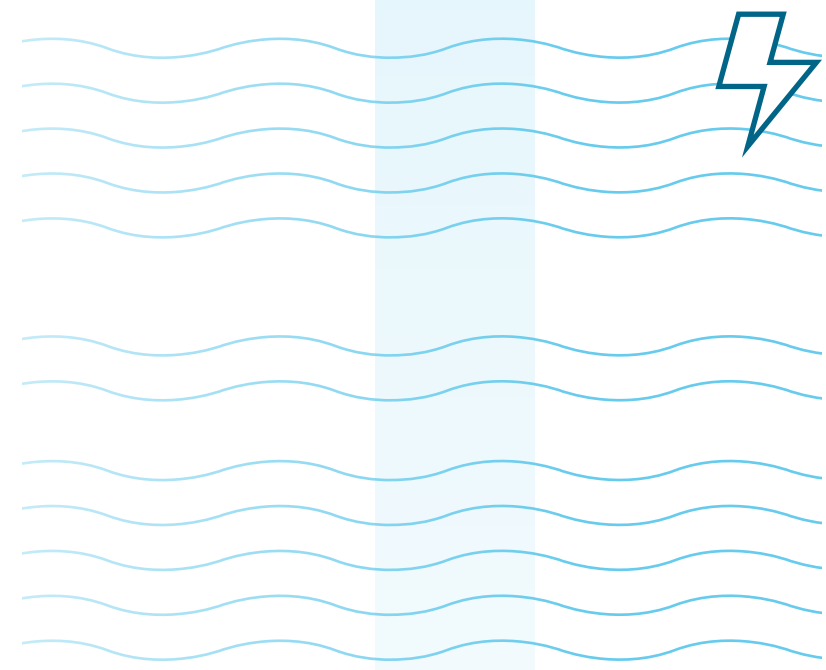


## Environmental Impact: Scope Breakdown



**Scope 1: Direct emissions from company-owned or controlled sources.**  
 Estimated scope 1 emissions declined in 2023 by 79 tCO<sub>2</sub>e from 2022. This decrease is driven primarily by reclassification of some office energy sources (moving

from scope 1 to 2) and our improved data collection in specific regions, allowing us to reflect actual consumption data rather than intensity estimates.



**Scope 2 Market Based: Purchased electricity, heat, and steam.**  
 In 2023, our market-based emissions were 4,846 tCO<sub>2</sub>e, an estimated 81 tCO<sub>2</sub>e reduction from 2022. We are beginning to build a strategy in our renewable transition to reduce our overall emissions. In late 2023, we entered into a contract to purchase renewable energy from a Texas wind farm equal to the total kilowatt-hour consumption of our Chicago office each month; we anticipate that this will more dramatically affect 2024 reported data.

**Scope 2 Location Based: Purchased electricity, heat, and steam.**  
 Estimated location-based scope 2 emissions slightly increased in 2023 by 83 tCO<sub>2</sub>e. Changes in our global operations impacted these numbers: Our data centers enhanced hardware efficiency, and we moved our Chicago data center to a colocation site, which reduced emissions from our data centers. But the expansion of our office space in Mumbai, as well as an expansion of several of our PitchBook offices, drove an increase in total scope 2 emissions compared with 2022.



**Scope 3: Indirect emissions that occur in a company's value chain.**  
 Estimated scope 3 emissions increased in 2023 by 1,162 tCO<sub>2</sub>e. The most significant impact was a 1,421 tCO<sub>2</sub>e increase from air travel year over year. The firm has invested in tools for remote collaboration, but travel has increased significantly since pandemic lows. This year, we also shifted our in-office data center to a CyrusOne colocation and greatly reduced inefficient hardware

that had been causing a shift from scope 2 to scope 3 emissions. While this impact on our emissions data has not yet been quantified, we anticipate an increase in scope 3 emissions because of this transition. As we continue outsourcing most of our data centers, we foresee this trend will continue. Additionally, we will increasingly depend on the substantial emissions reduction commitments of key suppliers, particularly Amazon Web Services, or AWS, to mitigate our footprint in this domain.

## Scope Emission Details<sup>xxii</sup>

2019 (Benchmark)		2023		
<b>Scope 1</b>	%	<b>Scope 1</b>	%	↓ 79 tCO <sub>2</sub> e
Fuel	2.9	Fuel	3.3	
Fugitives	0.9	Fugitives	0.0	
<b>Scope 2 (Location)</b>	%	<b>Scope 2 (Location)</b>	%	↑ 83 tCO <sub>2</sub> e
Electricity	56.0 █	Electricity	54.4 █	
<b>Scope 2 (Market)</b>	%	<b>Scope 2 (Market)</b>	%	↓ 81 tCO <sub>2</sub> e
Electricity	56.0 █	Electricity	52.0 █	
<b>Scope 3</b>	%	<b>Scope 3</b>	%	↑ 1,162 tCO <sub>2</sub> e
Air	30.6 █	Air	32.0 █	
Hotels	4.9	Hotels	5.8	
Rail	0.4	Rail	0.3	
Road	2.8	Road	2.8	
Waste	1.5	Waste	1.4	



## Managing Our Global Footprint

### Real Estate Selection & Integration

In 2023, we enhanced our real estate selection process to further integrate sustainability into our operations. This involves an increased focus on the environmental practices of our landlords, prioritizing those who demonstrate a readiness and openness for sustainability. All prospective landlords now respond to a survey detailing office data and transition commitments. Likewise, we are emphasizing sustainability in workplace design, a standard we now require in the refurbishment of our existing offices and in the design of new ones.

**61%** Of global office space square footage was in an environmentally certified space

**40%** Morningstar offices were run on 100% electricity

### Waste Consumption

Although our emissions related to waste are measured and accounted for in our scope 3 emissions breakdown, we believe our efforts to minimize the use of goods destined for landfills is best examined through disclosure of consumption per employee. For some of our offices in Amsterdam, Chicago, New York, Seattle, and Toronto, we have made office composting and/or recycled food waste disposals available to employees, which contributed to reductions in landfill waste, we plan to implement this initiative across many of our other offices.

**26.8kg** Waste per employee

**9%** Total electricity consumption from renewable sources

### Water Consumption

Managing water consumption is crucial to improve operational efficiency and ease pressure on natural resources. While Morningstar’s operations do not have a material impact on the world’s water supply compared with other industries, we’ve prioritized understanding and managing our usage to optimize water use where we can. For example, our Chicago office implemented water reduction technology in our restrooms and faucets and undertook an initiative to reduce our in-office dishwasher use, with the goal to reduce water consumption and save on energy. Moving forward, we will continue to explore ways to conserve water and work to align our efforts with best practice.

**15.7kg** Water consumption per employee

### Energy Usage & Renewable Energy Strategy

In 2023, our electricity, fuel, and heating consumption was 17,370,003 kWh—1,533 kWh per employee—a slight decline from 17,767,723 kWh in 2022. Our data center electricity consumption accounted for 4,330,965 kWh (compared with 6,363,545 kWh last year). This apparent decline is due to our transition of many data centers to AWS. In the future, these emissions will surface in our scope 3 measurement, rather than scope 2, and contribute to increased supply chain emissions. When transitioning Morningstar’s data centers to cloud-based platforms, Morningstar has prioritized working with providers committed to net zero and renewable energy usage. To reach our net zero goals by 2050, most of the energy used in our data centers and office spaces will need to be sourced renewably. In 2023, we determined a set of offices with the highest emissions, and our facilities team is deliberating the feasibility of transitioning away from nonrenewable energy sources on a region-specific basis.



## Memberships and Commitments

Morningstar is a member of several international organizations acting to enable climate transition planning, including the Glasgow Financial Alliance for Net Zero and Net Zero Financial Service Providers Alliance. Our participation in these organizations reflects our understanding that limiting global emissions can be attained if businesses each look to set, and meet, their own ambitious goals pertaining to sustainable practices.

For Morningstar, our net zero commitment means ensuring that we act prudently to reduce the impact of our business operations while engaging in transparent, long-term planning and reporting in the context of global climate change. Our commitments include the following:

- ▶ Reducing measured greenhouse gas emissions by 50% in 2030 against a 2019 baseline.
- ▶ Achieving net zero by 2050 against a 2019 baseline.
- ▶ Reporting annually on progress.
- ▶ Defining product parameters relevant to net zero transition plans.

We published our [Climate Transition Plan](#) as the first of our annual communications on progress toward the firm's net zero alignment and shared progress made against the plan in our [2022 Climate Transition Update](#).

### Net-Zero Data Public Utility

Morningstar is an advisor to the Net-Zero Data Public Utility, the first free, global, centralized database containing private sector climate data, which is important for the net zero transition. The [NZDPU prototype](#) was launched in December 2023 at COP28. It initially includes scope 1-3 greenhouse gas emissions data and reduction targets for approximately 400 companies based on their CDP disclosure. The platform is designed to deliver jargon-free language and definitions for each of the data points to ensure the information is useful to many global audiences

### 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. Since 2021,

Morningstar has worked with Climate Vault to balance the scale of our measured 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. Climate Vault purchases carbon emissions 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. 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.

### Expanding Climate-Specific Reporting

Alongside this report, Morningstar has published our first Task Force on Climate-Related Financial Disclosures report, reflecting on the

2023 calendar year. This launch reflects our commitment to align our reporting frameworks and standards with industry best practices and provide our employees, shareholders, and other stakeholders with useful data and information. This year, we have also released our first [Climate Transition Update](#), providing a transparent update on our progress toward reaching net zero aligned with our [Climate Transition Plan](#).



## Our New Sustainability Network Chapter in Amsterdam

*An interview with Amsterdam SUN founder & leader, Louisa Mandt, alongside SUN chapter leaders Bethany Startin and Victoria Franco.*



**Louisa Mandt**  
Corporate Solutions Analyst



**Bethany Startin**  
Senior Editor



**Victoria Franco**  
Associate Equity Analyst

**Amsterdam is the latest Morningstar region to launch a SUN chapter to contribute to the region’s environmental efforts. Tell us about the founding of this chapter and any noteworthy accomplishments.**

In January 2023, we established our SUN chapter for Morningstar’s Amsterdam offices, echoing our global commitment to environmental and social sustainability. With a large Morningstar Sustainalytics footprint in Amsterdam, our chapter quickly gained support and distinguished itself through innovative and collaborative efforts, such as a book swap to commemorate Earth Day and a park cleanup event. A standout achievement for the group was the successful organization of our inaugural “Sustainable Energy Day” in 2023.

### **What did Sustainable Energy Day consist of?**

Employees in the region initiated and joined together to have insightful discussions on sustainable energy and overall energy consumption, while taking quizzes to test our knowledge. This was followed by a “stakeholder

▮▮ We’re actively working with Amsterdam leaders and office management to limit the environmental impact of our office spaces and ensure that local business decisions account for sustainability considerations. ▮▮

game” where participants assumed roles of companies and individuals, engaging in productive dialogues and negotiations to achieve sustainable energy solutions. Players had to find a balance between economic, environmental, and social factors, all while keeping their own priorities and objectives in mind.

The success of the event aligned with the spirit of the Sustainable Energy Days promoted by the European Commission, which are held globally between March and June, with the goal of inspiring change and innovation to achieve crucial energy and climate goals. This event reinforces our global pledge of environmental stewardship and the active participation of our

passionate employees in these efforts.

### **What are some SUN initiatives you’re excited about moving into 2024?**

In 2024, the Amsterdam SUN Chapter aims to emulate some of the work conducted at our other offices, including an initiative to bring composting to offices in the region. The chapter has also begun planning its Earth Week 2024 activities, aligned with Morningstar’s Global Volunteer Days, including organizing volunteers to remove plastic and other waste from Amsterdam’s canals. Notably, we’re actively working with Morningstar Amsterdam leaders and office management to limit the environmental impact of our office spaces and ensure that local business decisions account for sustainability considerations.



## Sustainability in the Supply Chain

*This topic is prioritized by our employees & stakeholders*

Morningstar's sustainability strategy extends to the suppliers with whom we work. We seek to integrate key sustainability considerations into our supply chain management, focusing on governance; human rights; diversity, equity, and inclusion measures; environmental management; and data security.



Colleagues connect virtually and in-person.



**Policies in Practice**

Morningstar’s Supplier Code of Conduct was updated in 2023 and outlines expectations for both new and existing suppliers, emphasizes our key priorities, and enables us to identify suppliers that meet our standards. The code sets forth guidelines for suppliers related to environmental practices; human and labor rights; anti-bribery and anti-corruption practices; diversity, equity, and inclusion; and responsible use of personal data. The updated code describes Morningstar’s desire to work with suppliers that meet high business standards and that prioritize strong diversity, equity, and inclusion and environmental sustainability programs. It includes expanded expectations of our suppliers, to the extent of applicable law, to measure and report on their environmental data and provide transparency pertaining to diversity, equity, and inclusion metrics.

Additionally, our internal Global Travel Policy enables employees to make sustainable choices while prioritizing safety and efficiency during business travel. The policy supports sustainability in decision-making, offering

booking accommodations with Leadership in Energy and Environmental Design—LEED—or Green Seal Certification, opting for rail travel over air when feasible, and choosing economy class for flights as appropriate. By embedding these guidelines into our policies, we can instill sustainability priorities in decision-making across the firm.

**Data Security in the Supply Chain**

Our commitment to data security extends to the vendors integral to our business operations. Morningstar upholds rigorous standards through a comprehensive third-party risk program designed to maintain alignment with our data security protocols. This involves thorough assessments of vendors both prior to establishing contractual relationships and continuously throughout the course of our collaboration. Our proactive approach emphasizes ongoing vigilance to identify and mitigate potential risks in their security practices, reinforcing the safeguarding of sensitive data across our value chain.

**Examining Our Supply Chain Data**

Currently, 5% of Morningstar’s critical and high-priority suppliers are considered diverse suppliers, and 47% have a public climate commitment.<sup>xxiii</sup> Currently, when sourcing new goods and services, Morningstar accounts for vendors that identify as diverse suppliers and how transacting with them will enable and impact our business. Looking forward, it is Morningstar’s intention to build more rigorous onboarding processes and monitoring tools that provide actionable insights intended to increase diversity in our supplier population while seeking the providers most appropriate to the success of our business.

**Looking Forward**

Like other financial-services providers, our effort to build a sustainable business involves our capacity to measure and influence sustainable practices beyond our immediate control. We’re prioritizing efforts to enhance our supply chain data with a particular emphasis on supply chain emissions. We expect this effort will allow us to better understand, address, and improve sustainability practices across our business ecosystem.

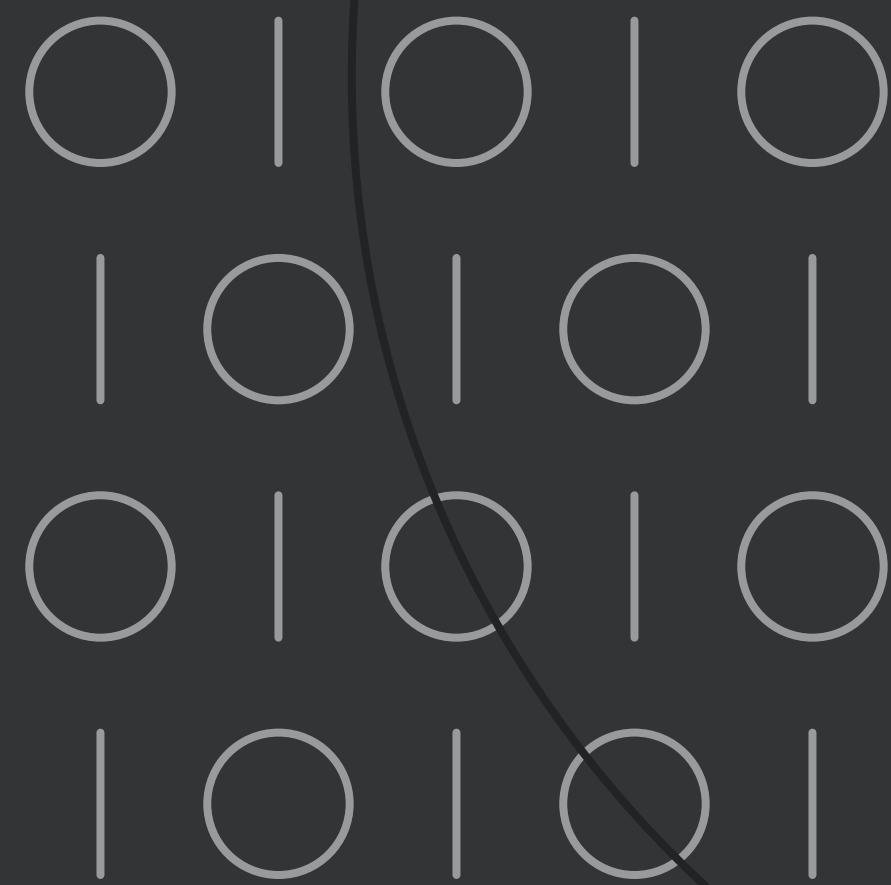
**5%** Critical and high-priority suppliers are considered diverse suppliers

**47%** Critical and high-priority suppliers have a public climate commitment



## Appendix

Morningstar is focused on incorporating sustainability and ESG data across our business lines through research, solutions, and services. Because of this, we understand the importance of disclosing the sustainability datasets most pertinent to our own business.





We apply our own ESG research and tools to prioritize transparency and sustainability throughout our workplace, our governance, and our business operations. Our reporting and data disclosure is led by materiality. We utilize Morningstar Sustainalytics' materiality framework to assess the sustainability topics most important to our organization and the industry we are a part of. We disclose the data and information most consistent with our 13 material topics, and we reference external standards for reporting including Sustainability Accounting Standards Board and the Global Reporting Initiative. We disclose the specific SASB and GRI codes that relate to our ESG data within the data tables in the pages that follow.

We are further committed to alignment with five of the Sustainable Development Goals, and much of our data disclosure reinforces our contributions to advancing these areas. For a comprehensive overview of our alignment with the SDGs, see Page 83.

The below datasets relate to our diversity and inclusion practices, employee engagement, governance, business ethics, risk management, privacy and security, and environmental impact. This report covers 2023 data, and in certain instances we disclose our data from 2019–22 for comparison purposes. This allows us to understand and provide insight into areas of growth or stagnation as we progress along our sustainability journey as a firm. Outlined below are definitions of the Morningstar Sustainalytics' material ESG issues that pertain to Morningstar's business.

### **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.

### **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.

### **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.

### **MEI.6 Data Privacy and Security**

Data Privacy and Security focuses on data governance practices, including how companies collect, use, manage and protect data. The emphasis is on measures taken to ensure safe and secure use and/or maintenance of customers' personally identifiable data.



**Gender Diversity (all regions)**

[MEI.13 Human Capital]

Job Level	Framework Alignment	2020		2021		2022		2023	
		Male	Female	Male	Female	Male	Female	Male	Female
Entry-level	GRI: 405-1 SDG: 5.1, 5.5, 8.5, 10.3	Combined entry and mid-level roles were 58% male	Combined entry and mid-level roles were 42% female	Combined entry and mid-level roles were 57% male	Combined entry and mid-level roles were 43% female	55%	45%	57%	43%
Mid-level	GRI: 405-1 SDG: 5.1, 5.5, 8.5, 10.3					63%	37%	63%	37%
Senior	GRI: 405-1 SDG: 5.1, 5.5, 8.5, 10.3	69%	31%	77%	23%	77%	23%	71%	29%
Executive	GRI: 405-1 SDG: 5.1, 5.5, 8.5, 10.3	—	—	—	—	87%	13%	83%	17%
Total	GRI: 405-1 SDG: 5.1, 5.5, 8.5, 10.3	58%	42%	58%	42%	59%	41%	60%	40%







**Racial Identity of Colleagues in Canada**

[MEI.13 Human Capital]

Racial Identity	Framework Alignment	2022	2023
South Asian	GRI: 405-1	35%	37%
White	GRI: 405-1	30%	26%
Chinese	GRI: 405-1	12%	18%
Arab/West Asian	GRI: 405-1	6%	4%
Black	GRI: 405-1	5%	4%
Latin American	GRI: 405-1	4%	3%
Southeast Asian	GRI: 405-1	4%	3%
Other	GRI: 405-1	4%	5%

**Gender Diversity by Business Unit**

[MEI.13 Human Capital]

Job Level	Framework Alignment	2022		2023	
		Male	Female	Male	Female
Investment Research	GRI: 405-1 SDG: 8.5, 10.3	58%	42%	62%	38%
Data Management	GRI: 405-1 SDG: 8.5, 10.3	56%	44%	60%	40%
Technology	GRI: 405-1 SDG: 8.5, 10.3	76%	24%	76%	24%
Client-Facing Roles	GRI: 405-1 SDG: 8.5, 10.3	58%	42%	57%	43%



**Compensation Pay Gap—Male v Female and Underepresented Minority (URM) vs Non-Underepresented Minority (NURM)**

[MEI.13 Human Capital]

	Framework Alignment	2021		2022		2023	
		Male vs Female	URM vs NURM	Male vs Female	URM vs NURM	Male vs Female	URM vs NURM
Pay Gap (Adjusted)	SDG: 8.5, GRI: 405-2	Women earned 97.1% compared with men, a 2.9% adjusted gap	URMs earned 95.9% compared with NURMs, a 4.1% adjusted gap	Women earned 98.8% compared with men, a 1.2% adjusted gap	URMs earned 99.1% compared with NURMs, a 0.9% adjusted gap	Women earned 98.3% compared with men, a 1.7% adjusted gap	URMs earned 98.7% compared with NURMs, a 1.3% adjusted gap
Pay Gap (Unadjusted)	SDG: 8.5, GRI: 405-2	Women earned 68.5% compared with men, a 31.5% unadjusted gap	URMs earned 79.2% compared with NURMs, a 20.8% unadjusted gap	Women earned 75.7% compared with men, a 24.3% unadjusted gap	URMs earned 77.8% compared with NURMs, a 22.2% unadjusted gap	Women earned 96.9% compared with men, a 3.1% unadjusted gap	URMs earned 80.2% compared with NURMs, a 19.8% unadjusted gap
	Framework Alignment	2021		2022		2023	
\$ spent on equity compensation increases	GRI: 405-2	USD 1.5M		USD 490K		USD 290K	
Number of employees who received a pay increase due to pay gap analysis		420 employees		76 employees		78 employees	



**Community Engagement**

[MEI.13 Human Capital]

	2022		2023	
	Morningstar	Industry Average	Morningstar	Industry Average
Volunteering Participation	41%	—	63%	—
Overall Participation (donations or volunteering)	67%	33%	65%	30%

	2020	2021	2022	2023
Total Donations USD (employees & Morningstar)	Over \$1M	Over \$1.7M	Over \$2.2M	Over \$1.7M



**Employee Engagement & Other Factors**

[MEI.13 Human Capital]

	Framework Alignment	2020	2021	2022	2023
Employee Engagement		79%	79%	80%	69%
Great Place to Work Score		81	84	88	76
Employee Turnover Rate	GRI: 401-1	12%	18.5%	18.9%	21.7%
Voluntary Turnover	GRI: 401-1	—	17.1%	15.8%	11.8%
Involuntary Turnover	GRI: 401-1	—	1.4%	3.1%	9.9%
Turnover by Gender	SDG: 5.1, 5.5	—	—	Female: 18.6% Male: 18.8%	Female: 24.8% Male: 19.4%
Turnover by URM vs NURM		—	—	URM: 17.4% NURM: 15.8%	URM: 14.2% NURM: 12.7%
Retention Rate		—	—	—	80.2%
Internal Hiring Rate		—	—	—	52%
Average Tenure Females vs Males		—	—	—	Female: 4.2 years Male: 4.6 years
Annual Compensation Ratio		126	88	114	113.96



**Employee Benefits, Training, Education, and Career Development**

[MEI.13 Human Capital]

	2020	2021	2022	2023
Shared Ownership Participation	16%	18%	17%	11%
Percentage of US employees that completed the US wellness incentive program	76%	97%	90%	75%
# of employees that completed CFA Level 1, 2, or 3	199	304	636	371
% of employees using educational stipend	49%	46%	54%	64%
Global educational stipend spend (USD)	\$1.3M	\$1.7M	\$2.4M	\$3.5M
Cost associated with education and career programs per number of employees	Over \$590	\$453	\$481	\$560
Number of Morningstar Scholars	75	80	90	82



**Noteworthy Data Security Incidents**

[Material Topic Data & Information Security]

	<b>Framework Alignment</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total incidents	GRI: 418-1	1	0	0
Impacted Parties	GRI: 418-1	2	0	0
Percentage of incidents involving confidential business or personally identifiable information	GRI: 418-1	100%	0%	0%

**Disaster Recovery Testing**

[Material Topic Data & Information Security]

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Percentage of application-based revenue protected during testing	95%	83%	93%
Percentage of successful tests	97%	96%	93%



**Greenhouse Gas Emissions**

[MEI.18 Carbon—Own Operations]

			<b>tCO2e</b>				
	<b>Framework Alignment</b>		<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Scope 1</b>	SDG: 12.2, GRI: 305-1	Fuel	386	492	590	400	321
		Fugitives	122	122	60	—	—
		Sub-Total	508	614	650	400	321
<b>Scope 2</b>	SDG: 12.2, GRI: 305-2	Electricity (location based)	7,539	6,078	4,640	5,205	5,288
		Electricity (market based)	7,514	6,020	4,489	4,927	4,846
<b>Scope 3</b>	SDG: 12.2, GRI: 305-3	Air Business	4,120	908	691	1,692	3,113
		Hotels	658	121	73	953	562
		Rail Business	49	8	9	26	29
		Road	373	60	57	153	272
		Waste	206	103	61	129	138
		Sub-Total	5,406	1,199	890	2,953	4,115
<b>Total Emissions (location based)</b>		SDG: 12.2	13,453	7,891	6,180	8,558	9,723
<b>Total Emissions (market based)</b>		SDG: 12.2	13,428	7,833	6,029	8,280	9,282
<b>Total Emissions per Million USD (tCO2e) (location based)</b>		SDG: 12.2, GRI: 305-4	11.4	5.7	3.6	4.6	4.8
<b>Total Emissions per Million USD (tCO2e) (market based)</b>		SDG: 12.2, GRI: 305-4	11.4	5.6	3.5	4.4	4.6



**Consumption Metrics**

[MEI.18 Carbon—Own Operations]

	<b>Framework Alignment</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total kWh Consumption	SDG: 12.2, 8.4	—	—	17,410,565.0	17,767,723.0	17,370,003.1
Total kWh per Employee	SDG: 12.2, 8.4	—	—	1,822.0	1,453.5	1,532.6
Data center energy consumption	SDG: 12.2, 13.1	—	—	6,720,478.9	6,363,544.6	4,330,965.0
Percentage of electricity consumption that is renewable	SDG: 12.2, 13.1	0.7%	2.3%	4.4%	8.2%	8.5%
Percentage of offices run using 100% electricity	SDG: 12.2, 13.1	—	—	—	42%	40%
Cubic meters of water consumption per employee	SDG: 12.2	—	12.8	13.5	13.6	15.7
Kilograms of waste consumption per employee	SDG: 12.2	—	25.7	12.7	20.9	26.8
Percentage of sq footage that is environmentally certified office space	SDG: 12.2, 13.1	—	—	—	—	61%



**Board Demographics**

[MEI.0 Corporate Governance]

	Framework Alignment		2020	2021	2022	2023
Tenure	GRI: 405-1, 102-22	0–5 years	40%	40%	40%	20%
		6–10 years	10%	20%	20%	40%
		11–15 years	10%	10%	10%	0%
		>15 years	40%	30%	30%	40%
Age	GRI: 405-1, 102-22 SDG: 8.5	Average	60.6	59	60	61
		Range	39–73	40–70	41–71	42–72
Gender Distribution	GRI: 405-1, 102-22 SDG: 5.5	Male	60%	50%	50%	50%
		Female	40%	50%	50%	50%
Ethnic Diversity	GRI: 405-1, 102-22	Total Percent	20%	30%	30%	30%
Percentage Female Committee Chair	GRI: 405-1, 102-22		33%	33%	33%	33%
Percentage of board occupied by independents	GRI: 405-1, 102-22. 102-23 SDG: 5.5		70%	70%	80%	80%

**Business Ethics**

[MEI.0 Corporate Governance]

	Framework Alignment	2020	2021	2022	2023
Percentage of employees that have certified compliance with Business Ethics policy	GRI: 102-16, 102-17	95%	94%	88%	85%



## Aligning Progress With Sustainable Development Goals

The United Nations 17 global Sustainable Development Goals, or SDGs, support sustainable economic, social, and environmental development for the people and planet by 2030. As a signatory to the United Nations Global Compact, Morningstar has selected five SDGs to focus our efforts on, prioritizing the areas in which our business can make 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 UNGC has partnered with the GRI and the World Business Council for Sustainable Development to provide guidance for companies on how to align and measure their impact relating to the contribution of the Sustainable Development Goals. The SDG Compass uses SDG goals and targets to provide specific indicators relevant to corporate entities. Morningstar’s current practices, detailed throughout this report, map directly to many of these indicators. In the pages that follow, you’ll find the SDG targets that Morningstar actively contributes to through our dedicated efforts and initiatives.



## Sustainable Development Goals Alignment Tracker



### 5.1

End all forms of discrimination against women and girls everywhere.

Morningstar supports target 5.1 through our employee benefits, policies, and equity practices. Morningstar’s family caregiving leave provides paid time to support and care for family members at home. All colleagues globally have a minimum standard of six weeks time off under this program. See Page 32 for our list of global employee benefits. Morningstar conducts twice-annual pay equity reviews that review pay by gender globally and by race in the US. Morningstar adjusts pay for employees based on the results of this pay equity study. For more information on our pay equity practices and 2023 data, see Page 38. Our **Supplier Code of Conduct** outlines our expectations for suppliers to abide by applicable law related to nondiscrimination and equal opportunity pertaining to recruitment, hiring, compensation, training, promotion, transfer, discipline, termination, or other personnel matters.

### 5.2

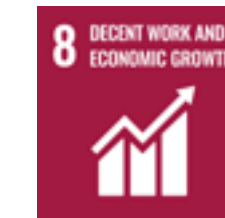
Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.

Morningstar’s **Human Rights Policy** outlines our zero-tolerance policy toward any form of harassment or other abusive behavior by anyone, including employees, clients, vendors, suppliers, contractors, and consultants. Employees can utilize the confidential Morningstar Ethics Hotline to report concerns or any violations to the policy, which is detailed in our **Code of Ethics**. Employees are urged to report sexual harassment by filing an internal complaint or by filing a complaint with a government agency or in court under applicable national or local laws.

### 5.5

Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Morningstar promotes diversity and inclusion within all levels of our organization. Our current diversity data can be examined on Page 34 of this report. Our board of directors currently consists of 50/50 men and women. See Page 51 for the selection process for the board of directors and its committees.



### 8.4

Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.

Our energy consumption for 2023 can be found on Page 65.



## Sustainable Development Goals Alignment Tracker



### 8.5

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

We make employment decisions without regard to race, color, ancestry, religion, sex, national origin, age, disability, protected veteran status, marital status, sexual orientation, genetic information, citizenship, gender identity and expression, parental status, or other legally protected characteristics or conduct where applicable, as stated in our [Human Rights Policy](#). Workers' compensation must comply with applicable wage laws, including those relating to minimum wages, overtime hours, and legally mandated benefits, and our compensation practices align with our pay fairness initiatives. Additionally, all colleagues have access to employee benefits; see Page 32 for our global offerings. Suppliers must also follow applicable laws and regulations relating to health and safety in the workplace, as outlined in our [Supplier Code of Conduct](#).

### 8.7

Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

We have a zero-tolerance approach to modern slavery and child labor in our business operations and supply chain. We are committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place in our supplier businesses. See our [Human Rights Policy](#). Morningstar expects its suppliers to uphold the human rights of their workers and treat them with dignity and respect. See our [Supplier Code of Conduct](#).

### 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Morningstar promotes safe working environments for all employees. See our [Human Rights Policy](#).



### 10.3

Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

We make employment decisions—including recruitment, hiring, compensation, training, promotion, transfer, discipline, termination, and other personnel matters—without regard to race, color, ancestry, religion, sex, national origin, age, disability, protected veteran status, marital status, sexual orientation, genetic information, citizenship, gender identity and expression, parental status, or other legally protected characteristics or conduct where applicable. See our [Human Rights Policy](#).

## Sustainable Development Goals Alignment Tracker



### 10.5

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

The Customer & Product Responsibility section of this report outlines Morningstar’s research independence and responsibility in ratings. We offer clients environmental, social, and governance data, tools, services, and research, which support and inform the decisions of global investors of all types. We seek to engage our clients through education and Morningstar’s ESG research, data, tools, and services to make a significant impact on the sustainable-investing industry. See our [Environmental Statement](#).



### 12.2

By 2030, achieve the sustainable management and efficient use of natural resources

We report our water consumption for 2023 on Page 65 of this report.



### 13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Morningstar is a founding member of the Net Zero Financial Service Providers Alliance, which commits our firm to reducing our emissions by 50% by 2030 and becoming net zero by 2050. We also offset our produced emissions by purchasing carbon credits off the cap and trade compliance markets through our partner, Climate Vault. We report on our progress towards net zero emissions in our [Climate Transition Update](#). For more information on our firm’s climate risks and opportunities, see our 2023 TCFD report.



## Endnotes

- i.** This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on our current expectations about future events. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and often contain words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “prospects,” or “continue.” These statements involve known and unknown risks and uncertainties that may cause the events we discuss not to occur or to differ significantly from what we expect. We describe risks and uncertainties that could cause actual events to differ materially in the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures about Market Risk” sections of our Forms 10-K and 10-Q. Morningstar undertakes no obligation to
- publicly update any forward-looking statements as a result of new information, future events, or otherwise, except as required by law. Information contained in links to this report/information on our website are not incorporated by reference into this report.
- ii.** All dates that mention public reporting reference the year reflected within the report, not the date of publication which is the year following.
- iii.** 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.
- iv.** The data reflected in this report is as of Dec. 31, 2023, unless otherwise noted.
- v.** The ratings council does not currently oversee Sustainalytics' ratings.
- vi.** Our calculation for the percentage of roles filled through internal hires excludes entry level roles because these roles are, by nature, most likely to be filled externally—frequently by those entering the professional workforce for the first time.
- vii.** In 2023, the method for calculating the employee engagement percentage has been revised and historical data from 2020–22 has been restated. 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. Engagement as a percentage is now calculated as an annual average from each of our four quarterly surveys, compared with the previous method, which reported only the results from the fourth quarter..
- viii.** The Retention Rate represents the number of employees who started the year and remain at the end of the year, divided by the number of employees who started the year.
- ix.** Turnover Rate represents the number of employees who left during the year divided by the average number of employees in the company during that same time.
- x.** Wellness screenings are conducted in the fourth quarter of 2023 and are effective for the 2024 calendar year.
- xi.** Our efforts to support employees’ ability to give back to their communities are discussed in the Community Engagement section of this report.
- xii.** Gender data is calculated based upon permanent, full-time employees globally.

## Endnotes

- xiii.** Any employees without a recorded gender classification (0.1% of the global population) are excluded from this analysis.
- xiv.** Based on data that we compile for government-reporting purposes, approximately 87% of our US employees are white or Asian, and both those groups at our company exceed their percentage share of the US population, according to census data. We refer to our white and Asian population in the US as non-under-represented minorities. All other categories of race or ethnicity measured by our US Equal Employment Opportunity Commission data are referred to as “Underrepresented minorities.”
- xv.** Any employees without a recorded race/ethnicity classification (6.1% of the US population) are excluded from this analysis.
- xvi.** Morningstar’s racial diversity in our Canada region represents 60% of employees who have self-identified their race within the region.
- xvii.** 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.
- xviii.** 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.
- xix.** For the avoidance of doubt, the phrase “noteworthy security incident” as used in this Report is not intended to be and should not be considered a “material cybersecurity event” for SEC reporting purposes.
- xx.** All historical environmental impact data within the report has been restated for 2019–22 because of various factors outlined below. This resulted in a reduction in net emissions each year, also affecting all normalized metrics. Emissions across all scopes and energy consumption data were updated as a result of our migration to Salesforce Net Zero Cloud from our historical platform. These updates were necessary because of differences in conversion and emissions factors utilized, as well as a difference in transaction date proration within the software, which aggregated time horizons across years differently. Some additional reasons for our restatements include:
- ▶ Scope 1: Maturing our data analysis enabled us to adjust inaccurately high emissions figures from 2021, primarily caused by inaccurate fuel consumption estimations in several offices where fuel was not being utilized.
  - ▶ Scope 2: Updates to our estimation methodology for electricity and heat, amending data entry errors, and better access to reliable metered data enabled us to adjust inaccurately high historical emissions figures each year. We also obtained data center emissions data in 2022 that is now reflected in the final data dating back to 2019.
- ▶ Scope 3: Emissions were updated in part because of more-accurate aggregation of distance and calculation methodologies for travel. This resulted in prior net overstatements each year except for 2021, which was slightly understated by 18 tCO<sub>2</sub>.
- ▶ Total kWh consumption was overstated in 2021 and 2022 partly because of an invoicing error, which double-counted our electricity consumption calculations in our Sydney offices. Additionally, the updated estimation methodology for electricity and heat consumption (where metered data is still unavailable) impacted total kWh.
- ▶ Data Center kWh consumption was understated in 2021 because of a meter error in our Frankfurt data center and the addition of newly accessible consumption data from our Chicago data center.



## Endnotes

**xxi.** As defined by the Greenhouse Gas Protocol, a scope 2 location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A scope 2 market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.

**xxii.** The scope emission breakdowns reflect the emissions from each scope component, utilizing the location-based scope 2 total emissions.

**xxiii.** Critical and high-priority spend suppliers were determined based on Morningstar's 2022 spend and limited to Morningstar, Inc. legal entity spend with US and Canada-

based suppliers. Utility, lease, benefit, and insurance service suppliers were excluded from the analysis. Critical and high-priority spend suppliers are defined as suppliers that represent 75% of Morningstar's supply chain 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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