

A photograph of four business professionals in an office setting. A woman with blonde hair is smiling and looking towards a man on her left. A man with a beard is looking towards a woman on his right. They are all dressed in business attire. The background is a bright, modern office with large windows.

# KEY BUSINESS PRINCIPLES AND PRACTICES

# President Statement

At Morningstar Sustainalytics, we are committed to acting with integrity and in accordance with the highest ethical standards. This commitment is at the foundation of our work together.

As a global business, Morningstar Sustainalytics is subject to laws and regulations in numerous jurisdictions around the world. Morningstar Sustainalytics, wherever applicable, aims to align its internal policies with these laws and regulations.

This **Key Business Principles and Practices** reflects Morningstar Sustainalytics' commitment to responsible business conduct, sets forth the values and principles that we embrace to guide our actions and decisions and captures the main policy areas we look to address through our compliance program.

As a living document, we will update it from time to time to reflect our growth and business diversity as well as to align ourselves to regulations, industry standards and best practices.

*We expect all our personnel to align their conduct to the principles and practices outlined here, and we welcome our stakeholders, business partners and clients embracing similar values and principles.*

Morningstar Sustainalytics' culture and reputation are defined by our actions and the decisions we make every day. Through our own individual commitment, we ensure that Morningstar Sustainalytics continues to be seen as a market leader in both business and character.

**Morningstar Sustainalytics**

# I. Our commitment

## 1. Principles

### (a) Our Company

- We operate with integrity and in line with ethical standards.
- We believe in transparency.
- We think that market participants should have access to ESG information.

### (b) Our Work

- We strive to produce high quality, reliable research.
- We endeavor to perform accurate, fair and informed assessments.
- We believe in companies managing ESG risks effectively.

## 2. Responsible Business Practices

Morningstar Sustainalytics is committed to the highest standards of ethical conduct and responsible business practices. Promoting business ethics and working to prevent fraud and human rights infringements in our operations are fundamental tenets of doing business responsibly; they are also key elements of just and sustainable long-term business development. Morningstar Sustainalytics expects responsible business practices not only of itself, but seeks to see the same standards upheld by its business partners, including clients and suppliers.

## 3. Applicable Rules

Morningstar Sustainalytics is committed to complying with applicable global and regional laws and regulations in the jurisdictions in which it operates. Where a discrepancy exists between local laws and Morningstar Code of Ethics or our policies and business practices, we seek to uphold the higher standard.

## II. Human capital

### 1. Human Rights Protection

Morningstar Sustainalytics is committed to respecting human rights as defined in the “Universal Declaration of Human Rights,” the “United Nations Guiding Principles for Business and Human Rights,” and the “International Labor Organization Core Conventions.” Furthermore, Morningstar Sustainalytics makes efforts to ensure that it neither knowingly assists nor becomes complicit in violating human rights.

Morningstar Sustainalytics strives to ensure that all Personnel are treated with respect and dignity and are not subjected to suffering, threatening behavior or any kind of inhumane treatment, including corporal punishment, physical or verbal abuse, sexual or other harassment, or other forms of abuse or intimidation.

**Morningstar Sustainalytics Personnel** means board members, officers, employees, contractors, consultants, and temporary staff such as interns, volunteers and paid or unpaid trainees under a contract or any other legal arrangement, with either any of the Morningstar Sustainalytics’ legal entities or other affiliated entities, as long as such persons act under the authority of the Morningstar Sustainalytics business.

### 2. No Child Labor

Morningstar Sustainalytics is committed to respecting children’s rights as defined by the relevant International Labor Organization (ILO) and United Nations International Children’s Emergency Fund (UNICEF) recommendations. Morningstar Sustainalytics strives not to engage, either directly or via its suppliers, in the use of child labor and, as such, prohibits its use in our operations, our distribution network and in the execution of the products and services we deliver or purchase.

It is Morningstar Sustainalytics’ policy not to employ anyone unless they have reached the greater of:

- Local minimum school leave age
- Local minimum employment age; or
- The age of 16.

### 3. No Forced Work or Human Trafficking

Morningstar Sustainalytics is committed to preventing the use of any form of compulsory or forced labor, debt bondage, slavery, human trafficking or involuntary prison labor and prohibits the use of forced labor in its business practices.

Employment and terms of employment are voluntary undertakings between Morningstar Sustainalytics and its Personnel. Personnel is free to leave work or terminate their employment or engagement within reasonable notice period norms and may not be deprived of their identity documents or work permits. Moreover, Morningstar Sustainalytics encourages mobility across our different offices to enhance work experience for Personnel.

### 4. Data Privacy

Morningstar Sustainalytics is committed to responsible data processing and ensuring adequate protection of personal data. Morningstar Sustainalytics takes a combination of organizational and technical measures to safeguard the personal data of the individuals with whom it interacts in the course of business.

### 5. Diversity

Morningstar Sustainalytics is strongly committed to equity and fairness and strives to implement these principles in all aspects of its operations, including its employment practices and its business relationships.

Morningstar Sustainalytics values diversity and desires to create a work environment in which tolerance, individuality and differences among people are celebrated.

## 6. No Discrimination and Harassment

Morningstar Sustainalytics does not discriminate against any individual based on gender, gender identity and expression, race, ethnicity, culture, place of origin, religion, political affiliation, sexual orientation, age, marital status, physical disability etc. Morningstar Sustainalytics is committed to accommodating the necessities of persons with disabilities to the best of its ability.

Morningstar Sustainalytics strives to be an equal opportunity employer and is committed to creating an inclusive environment for all Personnel, characterized by mutual respect. Morningstar Sustainalytics does not tolerate discrimination or harassment of any kind.

## 7. Freedom of Association

Morningstar Sustainalytics respects the right of its Personnel to freely associate, including within a labor union of their choice, without suffering any kind of discrimination, intimidation, harassment or employer retaliation.

Furthermore, Morningstar Sustainalytics supports Personnel to engage in other forms of association in order to foster a democratic society.

## 8. Salary Framework

Morningstar Sustainalytics works to maintain remuneration frameworks designed to fit local context and conditions and to provide Personnel with fair and competitive rates of pay. Our compensation and benefits strategies are regularly reviewed in order to maintain alignment with local government imposed living wages and with what we believe to be competitive pay practices for our industry. Morningstar Sustainalytics maintains compensation rules and procedures to ensure that the compensation of research Personnel is not directly tied to specific commercial or research outcomes.

## 9. Occupational Health and Safety

Morningstar Sustainalytics is committed to maintaining a healthy and safe workplace environment. Morningstar Sustainalytics maintains occupational health and safety measures designed to prevent injury and disease, inform its staff about occupational health and safety processes and procedures, and address health and safety concerns in a timely, effective manner. National occupational health and safety frameworks are applicable in each location where the company operates.

## 10. Political Affiliation

Morningstar Sustainalytics embraces diversity, including political opinions, and supports the civic and democratic participation of its Personnel within the public life in their respective locations. However, Personnel is prohibited from undertaking any form of political activity while acting in work capacity.

# III. Quality and Integrity of Our Business Activities

## A. Integrity of Our Business Activities

### 1. Fair Competition

Morningstar Sustainalytics is committed to fair competition and to preventing commercial engagements with competitors, clients or other stakeholders that limit or restrict competition or are in breach of antitrust laws, including but not limited to: those who participate in the creation of cartels, collusions, vertical agreements, acting in concert or monopolies, or those who abuse a dominant market position.

### 2. Fair Dealing with Research Targets, Clients and Prospects

At Morningstar Sustainalytics, we commit to fair dealing towards clients, prospects and Research Targets without discrimination.

To the extent that Morningstar Sustainalytics can serve the public interest while supporting its commercial interests, it strives to make relevant ESG information broadly available.

*Research Targets are the entities we research and/or engage with for any of our products or services.*

### 3. Communication with Entities

Communication with entities (whether clients, prospective clients, or Research Targets) is functionally separated within Morningstar Sustainalytics: research-related communication is independently managed by our various research and engagement teams, while commercial-related communication is managed by our commercial personnel.

### 4. Handling of Proprietary and Confidential Information

Morningstar Sustainalytics believes that safeguarding confidentiality of information is paramount. As such, it strives to always protect and honor the confidentiality of the information shared.

Specific rules applicable to the handling of proprietary or confidential information are detailed in the Code of Ethics and in a variety of other internal policies. Such rules include, but are not limited to:

- (a) Use and protection of Morningstar Sustainalytics trade secrets and confidential information.
- (b) Use and protection of third parties' confidential information.
- (c) Use and protection of material non-public information pertaining to Morningstar Sustainalytics or to third parties.
- (d) Use and protection of personally identifiable information (personal data).
- (e) Requirements for compliance with third parties' intellectual property rights, including citation and sourcing rules.
- (f) Prohibition of insider trading.

## B. Management of Potential Conflicts of Interest

Morningstar Sustainalytics is aware that operating multiple lines of business that serve a variety of client types could create the potential of conflicts of interest to arise.

Morningstar Sustainalytics is committed to taking measures to manage conflicts of interest, and to avoid entering into commercial relationships that might jeopardize the company's integrity and research

independence. Specific rules on managing conflicts of interest are detailed in the Code of Ethics and the Policies on Managing Potential Institutional and Personal Conflicts of Interest, as well as other internal policies.

## 1. Institutional Conflict of Interests

### (a) Structural Separation

Morningstar Sustainalytics implements technical and organizational measures designed to structurally separate and independently manage its various research, engagement and sales teams. Each team operates separately and has a distinct senior management layer. This separation aims to preserve the independence of Morningstar Sustainalytics' research.

Specific rules regarding the structural separation and communication across different teams at Morningstar Sustainalytics are detailed in our Policy on Managing Potential Institutional Conflicts of Interest and in a variety of other internal policies.

Morningstar Sustainalytics maintains compensation rules and procedures to ensure that the compensation of research Personnel is not directly tied to commercial or research outcomes.

### (b) Disclosure

Morningstar Sustainalytics understands the importance of the disclosure of potential conflicts of interest and effective conflict management and includes relevant disclosure thereof in its client deliverables, where appropriate. Upon request, the Compliance function at Morningstar Sustainalytics may provide clients with relevant details about a situation that is susceptible of generating a potential conflict of interest, to the extent this is material for assessing the objectivity of the delivered research.

## 2. Personal Conflict of Interests

In the course of fulfilling their day-to-day duties and responsibilities, Morningstar Sustainalytics' Personnel may be exposed to the potential for personal conflicts of interest to arise. We maintain specific policies and procedures intended to prevent and manage those situations where a personal interest may be inconsistent with general interests of Morningstar Sustainalytics or of its stakeholders and could lead to their conduct on behalf of Morningstar Sustainalytics being influenced or compromised.

Specific rules on managing conflicts of interest are detailed in the Code of Ethics and the Policy on Managing Potential Personal Conflicts of Interest, as well as other internal policies. Such rules include, but are not limited to:

- (a) Avoidance or management of conflicts of interest.
- (b) Disclosure of potential conflicts of interest.
- (c) Seeking prior approval where a member of the Personnel performs business or employment outside of Morningstar Sustainalytics.
- (d) Stepping out from certain activities if there is potential for a conflict of interests.

## C. Research Quality and Independence

Morningstar Sustainalytics' research is informed by underlying methodologies and frameworks. Morningstar Sustainalytics is committed to provide users with relevant information about its products and services such as to enable users to properly understand its offerings.

## 1. Transparency of Methodology

To support the quality and integrity of its products and services, Morningstar Sustainalytics strives to be transparent regarding the way its research is conducted. Where consistent with confidentiality and intellectual property, Morningstar Sustainalytics is committed to providing clients and prospects with information about our research and methodologies, as well as information about the sources of data used to inform the research.

## 2. Information Utilized in the Research and Engagement Processes

As a general practice, Morningstar Sustainalytics bases its research on public information. Morningstar Sustainalytics' research processes involve the collection and analysis, in line with its applicable methodologies, of relevant information made publicly available by the Research Targets themselves and by a variety of third parties, including civil society, government, industry association, investors, media and regulatory bodies. For certain products and services, Morningstar Sustainalytics may use non-public information from Research Targets, as long as such information is non-material or non-extractable.

In limited circumstances pertaining to specific products and services, Research Targets may share, from time to time, confidential or material non-public information. Morningstar Sustainalytics applies specific access, handling and usage rules and limitations to protect such information, provided that the Research Target marks it as such.

It is the Research Target's responsibility to determine the materiality of any information provided, mark it accordingly, and to take the necessary steps to publicly disclose material information in a timely manner, where the case may be. The Research Target is also responsible for observing the "need-to-know" principle when sharing information with Morningstar Sustainalytics. Morningstar Sustainalytics accepts no responsibility for determining the type of information shared with Morningstar Sustainalytics or for verifying that material information intentionally or unintentionally shared with Morningstar Sustainalytics has been properly disclosed and/or labeled.

**Material Information** refers to any information that may have a positive or negative impact, that:

- Could be reasonably expected to have a significant impact on the market price of the company's securities; or,
- Could be reasonably expected to be considered relevant by reasonable investors in their investment decision-making (i.e., to buy, sell, or hold securities).

**Non-public information** refers to any information that has not been disseminated in a manner making it available to investors generally

## 3. Consistency of Research Processes

Morningstar Sustainalytics is committed to applying relevant research frameworks consistently across its research processes and to using the same standard of independence for all Research Targets irrespective of whether a subject company is public or private, and whether or not a Research Target is also a client. At Morningstar Sustainalytics, clients contracting the same service and delivery option will have access to the same information at a given moment in time.



## IV. Our Business Practices

### 1. Anti-Corruption, Money Laundering and Antifraud

Morningstar Sustainalytics is committed to refraining from knowingly taking any action that is, or may be, in breach of any applicable laws for the prevention of fraud, bribery, corruption, racketeering, extortion/embezzlement, money laundering or terrorism and does not knowingly do business with any third party it reasonably believes to have done so. Morningstar Sustainalytics also maintains relevant measures intended to prevent fraud or money laundering in our operations.

Morningstar Sustainalytics is committed to refraining from knowingly making an offer, payment, promising to pay or authorizing or approving the payment of any money, or other property, gift, promising to give or authorizing the giving of anything of value, directly or indirectly, to our clients, suppliers, government authorities, stakeholders, other organizations or individuals, or from receiving or accepting any such incentives from the aforementioned, in order to improperly influence a business decision, or that could be reasonably viewed as not appropriate in its business context, as per the Morningstar Code of Ethics and other internal policies.

Furthermore, Morningstar Sustainalytics is committed to preventing that gifts, entertainment or paid trips create inappropriate expectations or obligations, or are to be perceived as inappropriate behavior under anticorruption regulations, even in jurisdictions where such practices may be considered customary business etiquette. Specific rules applicable to gifts, entertainment and paid trips are detailed in the Code of Ethics and other internal policies.

### 2. Accounting Standards and Record-Keeping

Morningstar Sustainalytics is committed to maintaining accurate and complete accounting books and records, in accordance with applicable business standards and laws governing accounting, audit and taxation in the jurisdictions where it has operating entities.

Morningstar Sustainalytics Personnel are prohibited from knowingly making or approving any payment or transfer of funds or assets for purposes not in accordance with established financial, accounting, and management policies and applicable law.

Personnel are forbidden to create false or misleading records or entries, or from shredding, destroying or altering records related to any imminent or ongoing investigation, lawsuit, audit, examination, or as required to be stored for regulatory purposes.

### 3. Political Contributions

Morningstar Sustainalytics does not knowingly, directly or indirectly, at any time:

- (a) make contributions to a candidate for political office
- (b) fail to fully disclose any such contribution, in violation of a law requirement; or,
- (c) make a payment to any state, foreign or government official or officer, or other person charged with similar public duties, other than payments or contributions required or allowed by applicable law.

#### 4. International Restrictions/Sanctions

Morningstar Sustainalytics aligns with the rules and restrictive measures governing international economic financial sanctions and does not engage in commercial relations with a Sanctioned Person.

**Sanctioned Person** means any person:

*a) listed in a sanctions-related list of designated persons maintained by the United Nations Security Council, the European Union, any EU member state or the Office of Foreign Assets Control of the U.S. Department of the Treasury.*

*b) incorporated, located or that has operational headquarters located or resident in a country or territory, or the government of which is recorded as subject to international economic financial sanctions.*

#### 5. Environmental Protection

Morningstar Sustainalytics is committed to improving its energy efficiency and effectively managing GHG emissions, as well as to reducing and recycling the waste produced in its operations. In the course of its operations, Morningstar Sustainalytics promotes greater environmental responsibility and encourages the use of environmentally friendly products and technologies.

#### 6. Community Engagement

Morningstar Sustainalytics is committed to supporting the communities in which it operates, and to using its ESG expertise for the benefit of the local economies, communities and stakeholders.

Morningstar Sustainalytics' Personnel is supported in their interests to actively participate in their communities and paid leave is available for participation in volunteering activities.

#### 7. Supply Chain

Across its supply chain, Morningstar Sustainalytics endeavors to promote standards of conduct consistent with its own, including the ones reflected in these Key Business Principles and Practices. Where appropriate, Morningstar Sustainalytics actively engages with suppliers to confirm their alignment with relevant provisions.

# V. Enforcement and reporting

## 1. Enforcement

Morningstar Sustainalytics' Personnel are expected to act in an ethical manner and demonstrate integrity, competence, diligence and respect for all company stakeholders.

Morningstar Sustainalytics is committed to organizing training sessions and providing other resources regarding its Code of Ethics, Key Business Principles and Practices and other relevant policies. Personnel is required to acknowledge and sign-off on the Code of Ethics upon hiring and annually thereafter. Personnel is encouraged to seek guidance when in doubt about how to interpret the Code, these Key Business Principles and Practices or Morningstar Sustainalytics' policies, about how to handle a specific situation and what course of action is appropriate to take in a specific scenario. In some matters, either by law or by policy, Personnel have a duty to disclose and/or report their concerns.

## 2. Monitoring and Reporting Compliance

Managers have the responsibility of ensuring that their direct reports understand the Code of Ethics, the Key Business Principles and Practices and relevant policies, and are up-to-date and informed of changes.

It is the role of Morningstar Sustainalytics' Compliance function to define and oversee the overall compliance governance and risk management frameworks with respect to the Code of Ethics and other business policies and practices. The Talent and Culture team and the other relevant teams provide support to the Compliance function, as required.

The Compliance function monitors and regularly reports to the Morningstar Sustainalytics' Executive Team and beyond at least once a year. The Executive Team has ultimate authority and oversight over all aspect of Morningstar Sustainalytics' operations.

## 3. Complaints Handling Framework

Alleged non-compliance with the Morningstar Code of Ethics, these Key Business Principles, any Morningstar Sustainalytics policies and procedures, including those on avoidance and management of potential conflicts of interest, protection of confidential information, destruction or falsification of business records, or with any applicable laws may be lodged according to Morningstar Sustainalytics' Complaints Handling Policy.

The information provided by persons filing a complaint will be treated as confidential and privileged, except where otherwise required by applicable laws, and access to it will be restricted on a need-to-know basis. However, complainants who report compliance concerns are encouraged to identify themselves when making such reports so that an investigation can be conducted with a full factual background and without any delay. Retaliation against any person filing a complaint is strictly prohibited, even if the investigation concludes no wrongdoing. Sending a complaint will not have any negative effect on how Morningstar Sustainalytics performs research or engages with the person filing it, if applicable, nor on how it will provide its products and services to the person filing it.

Additionally, as part of its complaints handling framework, Morningstar Sustainalytics appoints an Ombudsperson who is independent of it and its business. The role of the Ombudsperson is to engage with certain third parties and avail themselves of the Ombudsperson services, to facilitate the resolution of any complaints or inquiries from such third parties, and to act as a liaison between such third parties and Morningstar Sustainalytics in connection with such resolution. Further details regarding Morningstar Sustainalytics' Complaints Handling Framework are available at: <https://www.sustainalytics.com/complaints-handling-framework>

**Version 1.1**

**Last update: May 2023**

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