

Sustainalytics SRL

Non-financial statement

Content:

1. Introduction

1.1 Purpose of the report

According to the provisions of OMFP no. 1802/2014, Sustainalytics SRL has the legal obligation to provide non-financial information on environmental, social and personnel aspects, respect for human rights, anti-corruption and bribery. Information on these topics is presented in this report.

1.2 Reporting period

This report relates to the financial year ended December 31, 2023, highlighting financial and non-financial information in accordance with the regulations in force.

1.3 Management message

At Morningstar, we remain convinced that promoting transparency, increasing access to actionable data, and supporting investor choice are integral to our mission to empower investor success. Investors are looking for access to information that can help them assess a company's managerial skills, corporate strategy, and prospects for the future. Morningstar Sustainalytics' operations in Romania align with these priority areas, as our teams support global efforts to make sustainable investment data and tools more accessible to investors and the market.

We believe that simple indicators, such as carbon emissions per employee and gender distribution in leadership, provide easy-to-understand and comparable information about a company's workplace, its effectiveness, and its measurable changes over time. They can provide investors with insight into how firms manage risk and information in an uncertain future. Importantly, they also create a common language between internal departments, such as finance, procurement, administrative, sales, and human resources – one that advances conversations around management strategy and elections.

2. Company Profile

Sustainalytics SRL (hereinafter referred to as "Sustainalytics RO" or the "Company") is a wholly owned subsidiary of Morningstar, Inc. ("Morningstar US," and together with its subsidiaries, hereinafter referred to as the "Morningstar Group"), specializes in a wide range of investment research and management services, including independent environmental, social and governance ("ESG") research, assessments and analysis, and corporate governance.

Sustainalytics RO, as part of the Morningstar Group, provides IT content development and research services for the benefit of affiliated entities.

In July 2020, Morningstar US acquired the remaining outstanding shares of Sustainalytics Holding BV ("Sustainalytics Holding"), thereby gaining 100% ownership of Sustainalytics Holding and its subsidiaries, including the Company. From the date of the acquisition until the end of fiscal year 2022, Morningstar integrated Sustainalytics affiliates into Morningstar's business model. Prior to 2022, the Sustainalytics business and its affiliated entities operated independently of Morningstar. As of fiscal year 2022, Sustainalytics has slowly become part of Morningstar's operations.

Sustainalytics RO, registered in Timisoara, Romania, was established in 2011 and is wholly owned by Sustainalytics Netherlands.

Sustainalytics RO has offices in Timisoara and Bucharest and had 516 employees as of 31.12.2023.

Sustainalytics RO provides IT services and collects research content.

The administrative staff carries out auxiliary and support activities for those carried out by the ICT and Research Products teams, which include human resources, legal services, primary accounting and other general administrative activities.

- *Research Content Development Services*

The research content offered by Sustainalytics to its clients is created and collected by the various entities within the Morningstar Group. This process is centralized, led and overseen by Morningstar US, and Sustainalytics UK collects, classifies, standardizes and synthesizes information to generate standard and customized research products.

- *IT Services*

Sustainalytics RO provides the Morningstar Group with ICT services related to the ESG Research Content Platform. The ICT platform acts as a tool for collecting research content and makes research content available to Morningstar Group clients through a customisable reporting interface.

Sustainalytics EN carries out activities such as maintenance and monitoring of hardware components and software systems and data collection and integration, and technical support based on instructions and supervision.

The company's legal, organizational and operational structures

Sustainalytics RO is a wholly owned subsidiary of Sustainalytics B.V.. Sustainalytics RO operates as a service provider on behalf of certain affiliated entities; it does not obtain revenue from third parties.

Business Strategy¹

The Morningstar Group focuses on the following four strategic priorities:

- *Providing differentiated information on asset classes to public and private investors in the market*

Changing investor needs and expectations, innovative investment approaches and technologies, and a changing political and regulatory environment continue to drive the evolution of the financial services industry. The Morningstar Group remains committed to ensuring that the modern investor is empowered with new data, research and analysis.

- *Using advances in artificial intelligence ("AI") to drive innovation in internal and external products and services*

The Morningstar Group aims to be at the forefront of technology, and we believe AI is a significant technology that will redefine the investment landscape. We use the Intelligence Engine – at the heart of all Morningstar AI developments – in our teams to increase productivity, speed up the data collection process, detect system errors and outages, increase the responsiveness of the support department, and improve customer relationships throughout the entire procurement process.

- *Operational excellence and scalability to support growth objectives*

Morningstar has grown significantly in recent years and has continued to focus on growth in 2023 and beyond, with a focus on execution and scalability across operations, processes, and technology.

- *Creating an inclusive culture that fosters exceptional talent engagement and development*

¹ Morningstar Annual Report 2023

The Morningstar Group's people strategy focuses on providing a focused and differentiated approach to human capital, driven by the needs of the business. We are committed to cultivating a culture that develops talent and drives innovation.

Moreover, as a general practice, Sustainalytics RO follows the general guidelines issued by the Morningstar Group in terms of development strategy.

3. Social and personnel aspects

At Sustainalytics SRL, as part of the Morningstar Group, employees are our most important asset. From recruitment to leaving the company, we are committed to fostering an environment where the people who support our mission thrive.

3.1 Company risks

We strive to provide high-performing jobs where employees thrive. We aim to reduce the risk associated with human capital and skilled workforce management through our retention and recruitment programs, and to enable strong careers with satisfied employees who contribute to the growth and resilience of our company.

3.2 Policies adopted by the Company

Employee engagement

Committed and strong people are the driving force behind Sustainalytics SRL, as part of the Morningstar Group. As organizational needs and workforce expectations evolve, we continually evaluate the employee experience. We regularly assess employee sentiment and collect feedback, informing about prioritizing and refining our employee experience strategy. Understanding people is essential for understanding the experience of Sustainalytics SRL employees.

Employee listening and analysis

Our organization's "people analytics" team monitors and publishes quarterly indicators related to employee experience. These indicators include employee satisfaction, intention to stay, discretionary effort, and skills. We ask the same questions to employees on a regular basis to understand trends over time. Additional data, including employee growth, attrition rate, promotion rate, gives us insight into changes in employee experience in general.

Communication and transparency

Morningstar's history of creating and embracing transparency influences the way we communicate. We understand the importance of fostering an environment where our people feel informed, included, and able to ask difficult questions. We prioritize this communication

through monthly meetings led by our CEO and our executive leadership team, quarterly internal presentations of financial results, a weekly company-wide newsletter, and an employee intranet where colleagues can share feedback and access resources to feel informed and get things done.

Employee participation in the company's capital (Shared Ownership)

Through our share offering program, we offer colleagues the opportunity to acquire a stake in Morningstar's equity by using a percentage of their annual bonus or commission for the purchase of Morningstar shares, with the addition of an equal contribution from the company. This program provides the opportunity to share in Morningstar's long-term financial success and reinforces an "owner mindset" that guides individual and team behaviors and aligns with our shareholders.

Performance recognition

We encourage growth by rewarding high performers and prioritizing internal promotions, while maintaining a balanced mix of opportunities for current staff and new talent. The average duration of employment for Sustainalytics SRL in Romania is 3.5 years, with 3.8 years for women and 3.1 years for men as of 31.12.2023.

3.3 Key performance indicators

Employee engagement in 2023

Based on the average of surveys conducted throughout the year, the level of employee engagement in Romania decreased in 2023 to 49%, compared to 70% in 2022.

In 2023, the company applied measures to reduce the number of employees and reduce costs in a business reorganization process, which affected results in general. The HR department, in partnership with executive management, will continue to monitor and understand employees' feelings and opinions.

In 2023, the retention rate in Romania was 80%, with 84% for women and 76% for men. The rotational speed was 22.8%, 17.4% being voluntary and 5.4% involuntary.

Diversity, equity and inclusion

At Sustainalytics SRL, as part of the Morningstar Group, diversity, equity, and inclusion (DEI) policies are anchored in a commitment to building a welcoming environment that fosters the engagement of valuable employees and fuels business success. We believe in combining different backgrounds, beliefs and experiences to make a stronger and more successful firm. We prioritize diversity throughout the organization because we believe it improves decision-making and business resilience, fosters open dialogue and creativity, and fuels opportunities that can lead to better business outcomes.

DEI data for Romania – 2023:

At the end of 2023, gender diversity was 59% women and 41% men.

In 2023, the total turnover speed for the Romanian entity was 22.8%. The rate for female employees was 19.0%, compared to 28.2% for men.

3.4 Policy results

The results of the applied policy are presented together with the policy above.

4. Environment

Given the nature of the firm's business as a provider of financial services, digital technology and data, our environmental impact is minimal and is not considered a material risk. However, many stakeholders prioritise environmental impact, and as part of the Glasgow Financial Alliance for Net Zero we have set ourselves the goal of achieving net zero carbon emissions by 2050. We provide information on the emissions of our global operations in the Morningstar Group's Corporate Sustainability Report.

5. Transparency and ethical aspects (respect for human rights and the fight against corruption and bribery)

Governance

We believe supervision and accountability are essential to our ability to execute business strategy. Morningstar's research teams have identified practices that lead to good governance and transparency with shareholders for long-term value creation. We aim to align our firm's governance with these principles.

5.1 Company Risks

Morningstar's Principles and Governance Framework address a variety of material risks inherent in our business model in the financial services industry, including those associated with the management of professional ethics, intellectual property, and competitive practices.

5.2 Policies adopted by the Company

Code of Ethics

Conducting Business Operations with Code of Ethics

Morningstar's Code of Ethics is designed to guide us in our decision-making. It outlines practices related to employment, purchasing, privacy, and conflicts of interest, among others. The Code

applies to everyone at Sustainalytics SRL, as part of the Morningstar Group, including management, employees and all temporary workers, interns, independent contractors and consultants in connection with their work for Morningstar. Employees of Sustainalytics SRL, as part of the Morningstar Group, are asked to review and sign an annual code confirmation. Morningstar's Code of Ethics is reviewed annually by our management team, Nominating and Corporate Governance Committee, and Board of Directors as part of overseeing key risks and compliance practices, and we consider input to the code from stakeholders to maintain relevance to the organization. In 2023 and 2024, this review resulted in changes to expand reporting procedures and includes additional guidance for employees on handling external investigations and legal requests, among other topics.

Every year, we provide employees with training on global policies and group expectations. In 2023, it included comprehensive trainings on global compliance (combating slavery and human trafficking, human rights, and combating bribery and corruption).

6. Data and information security

Morningstar recognizes that the trust we have built with stakeholders allows us to maintain a strong organization. It is our responsibility to protect our stakeholders' information, and we make considerable efforts and provide resources to protect data relating to our customers, colleagues, and partners.

Privacy Program

Morningstar's privacy program oversees the protection of clients' and employees' personal data, focusing on complying with privacy regulations and maintaining high standards of ethics and data transparency. The Privacy Office, which is responsible for managing the program, comprises members of the legal and information security teams. Oversight is provided by Morningstar's Chief Information Security Officer and the Global Head of Privacy, Legal, subject to oversight by the Audit Committee of the Board of Directors.

Information Security Program

Morningstar's dedicated information security team is responsible for coordinating this program in the company. We also implement a third-party risk management program to assess suppliers, subcontractors, and other third parties who handle confidential and personal information. This assessment takes place both before a contractual relationship is established and on an ongoing basis throughout the partnership.

Business Resilience Programme

Morningstar's Enterprise Resilience program proactively prepares employees, offices, technology, and supporting business processes for a rapid recovery in the face of disruptive events. This program applies to all entities in the group.

Employees' responsibility for data and information security

A firm's employees are one of the biggest sources of information security vulnerability, as many critical incidents in the global marketplace have stemmed from tactics that initially targeted employees. We try to manage this risk through employee training and awareness exercises throughout the year. Morningstar employees are required to attend a series of annual courses on general information security education, Morningstar's security policies, social engineering tactics (such as phishing), and how to report and respond to security events

To strengthen how we protect our employees' access to Sustainalytics SRL systems and applications, as part of the Morningstar Group, we use Okta, an identity and access management platform, to centralize how employee access to resources and applications is controlled and managed, adding an extra layer of control for increased security.

Information according to Article 8 of Regulation (EU) 2020/852 of the European Parliament

European Union and of the Council (the 'Taxonomy Regulation')

Financial Year 2023

This report has been prepared to present the information required under paragraph 492⁷ of the Accounting Regulations (Order 1802 of 2014) updated in 2021 which mentions Article 8 of the Taxonomy Regulation (Regulation (EU) 2020/852) as part of the Non-Financial Statement of Sustainalytics SRL, for the financial year 2023.

The EU taxonomy is a classification system for determining whether an economic activity can be considered environmentally sustainable.

The EU Taxonomy comprises a standard set of definitions for sustainable activities grouped around six environmental objectives:

1. climate change mitigation;
2. adaptation to climate change;
3. sustainable use and protection of water and marine resources;
4. the transition to a circular economy;
5. pollution prevention and control;
6. protection and restoration of biodiversity and ecosystems.

The information complies with the reporting requirements pursuant to Article 8 of Regulation 2020/852 on taxonomy and Article 10 of the Delegated Act (Commission Delegated Regulation (EU) 2021/2178).

According to art. 8, the analysis must include the eligible activities in relation to 3 financial indicators: Turnover, CapEx and OpEx.

At the level of Turnover, CapEx and OpEx, the percentage of activities that are eligible, are aligned, are not aligned and are not eligible are presented.

An overview of all the underlying activities and the corresponding data on the screening criteria of eligibility (%), alignment (%), type of substantial contribution and criteria related to the 'Does Not Significantly Harm (DNSH)' principle shall be shown

The eligibility of economic activities is based on the NACE code or based on the description of the activity.

Taxonomy-eligible economic activities

The company's main activity consists in the development of software applications and falls under the NACE code 6201 - custom software development activities (customer-oriented software). Following the analysis carried out, this activity corresponds both from the point of view of the NACE code and from the point of view of description, with activity 8.2. *Computer programming, consultancy and associated activities*, provided for in Annex II of Delegated Act 2021/2139, being an activity that contributes substantially to the environmental objective Adaptation to climate change. The turnover obtained by Sustainalytics in the financial year 2023 was RON 141,671,928 and was generated entirely from the mentioned main activity.

Turnover

Taking into account the classification of activities set out in Annex II, which contribute substantially to adaptation to climate change, activity 8.2. *Computer programming, consultancy and associated activities*, is an adapted activity, which cannot be considered eligible. Thus, on the basis of the European Commission's subsequent clarifications regarding the turnover obtained from this category of activities, the turnover obtained by Sustainalytics from this activity could not be considered eligible.

Capital expenditures (CapEx)

Similar to turnover, capital expenditures incurred by the company for the purpose of carrying out the activity 8.2 *Computer programming, consultancy and associated activities* that is an adapted activity, cannot be considered eligible.

Operating expenses (OpEx)

Similar to turnover, operating expenses incurred by the company for the purpose of carrying out the activity 8.2 *Computer programming, consultancy and associated activities* that is an adapted activity, cannot be considered eligible.

Presentation of Sustainalytics' key performance indicators

(according to Annex V to Delegated Act 2023/2486 replacing Annex 2 to Delegated Regulation (EU) 2021/2178)

Turnover

Proportion of turnover generated by products or services associated with Taxonomy-aligned economic activities – information provided for 2023

Turnover generated by services associated with Taxonomy-aligned economic activities = 0

The turnover presented corresponds to row 1 of the "Profit and loss account" F20 of the Annual Financial Statements as of 31.12.2023.

Capital expenditures (CapEx)

CapEx share of products or services associated with Taxonomy-aligned economic activities – information provided for 2023.

CapEx from services associated with Taxonomy-aligned economic activities = 0

The CapEx value presented is the one in form F40 "Statement of Fixed Assets" row 20, of the Annual Financial Statements as of 31.12.2023.

Capital expenditures in 2023 in the amount of RON 9,001,180 were made for the purchase of IT equipment (laptops) and for investments in the renovation, modernization and arrangement of rented office spaces.

Operating expenses (OpEx)

OpEx share of products or services associated with Taxonomy-aligned economic activities – information provided for 2023.

OpEx from products or services associated with Taxonomy-aligned economic activities = 0

The OpEx indicator includes expenses with maintenance, cleaning, repairs and IT costs for maintenance, with a value of RON 2,063,224 in 2023.

Given that no eligible economic activities were identified for any of the 3 financial indicators, the evaluation for the purpose of determining the alignment proportion was not applicable.

Provision of information referred to in Article 8(6) and (7) on nuclear and fossil gas activities²

Row	Activities related to nuclear energy	
1	The undertaking conducts, finances or has exposures to research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear processes with minimal waste generated by the fuel cycle.	NOT
2	The undertaking shall operate, finance or have exposures to the safe construction and operation of new nuclear installations for the production of electricity or process heat, including for purposes related to district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using the best available technologies.	NOT
3	The undertaking operates, finances or has exposures to the safe operation of existing nuclear installations that produce electricity or process heat, including for purposes related to district heating or industrial processes, such as the production of hydrogen from nuclear energy, as well as their safety upgrades.	NOT
	Fossil gas activities	
4	The undertaking operates, finances or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil fuels.	NOT
5	The undertaking operates, finances or has exposures to the construction, refurbishment and operation of facilities that combine the production of heat for heating/cooling and electricity using fossil gaseous fuels.	NOT
6	The undertaking operates, finances or has exposures to the construction, refurbishment and operation of heating/cooling installations using fossil fuels.	NOT

Given that Sustainalytics does not carry out economic activities related to nuclear energy and fossil gas, it was not necessary to fill in the other tables set out in Annex III to Delegated Act 2022/1214.

² According to the model provided in Annex III to Delegated Act 2022/1214