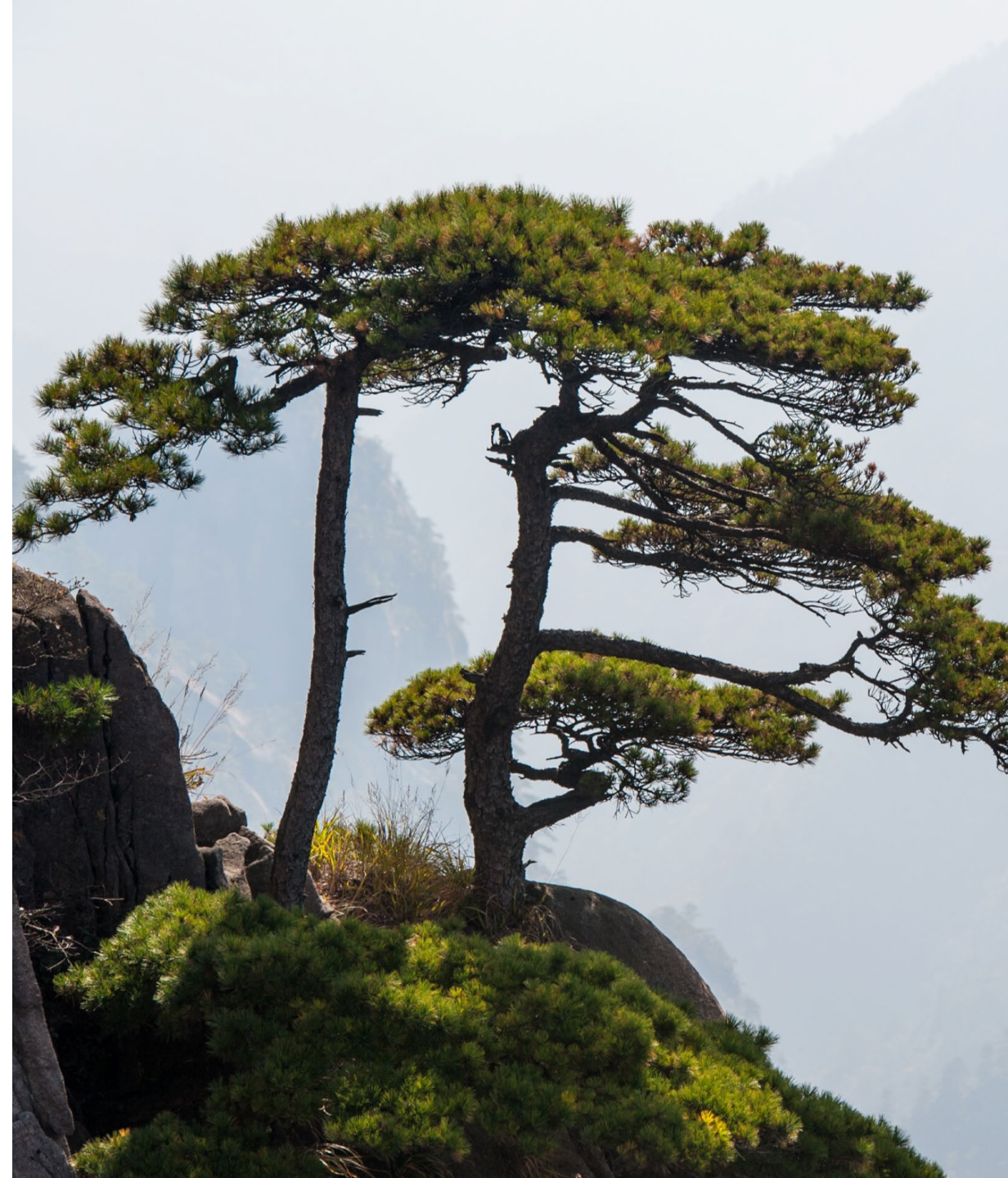


Preparation Guide: **ESG Risk Rating Annual Update**

For Companies Rated Under the
Core Framework

April 2024

MORNINGSTAR | **SUSTAINALYTICS**



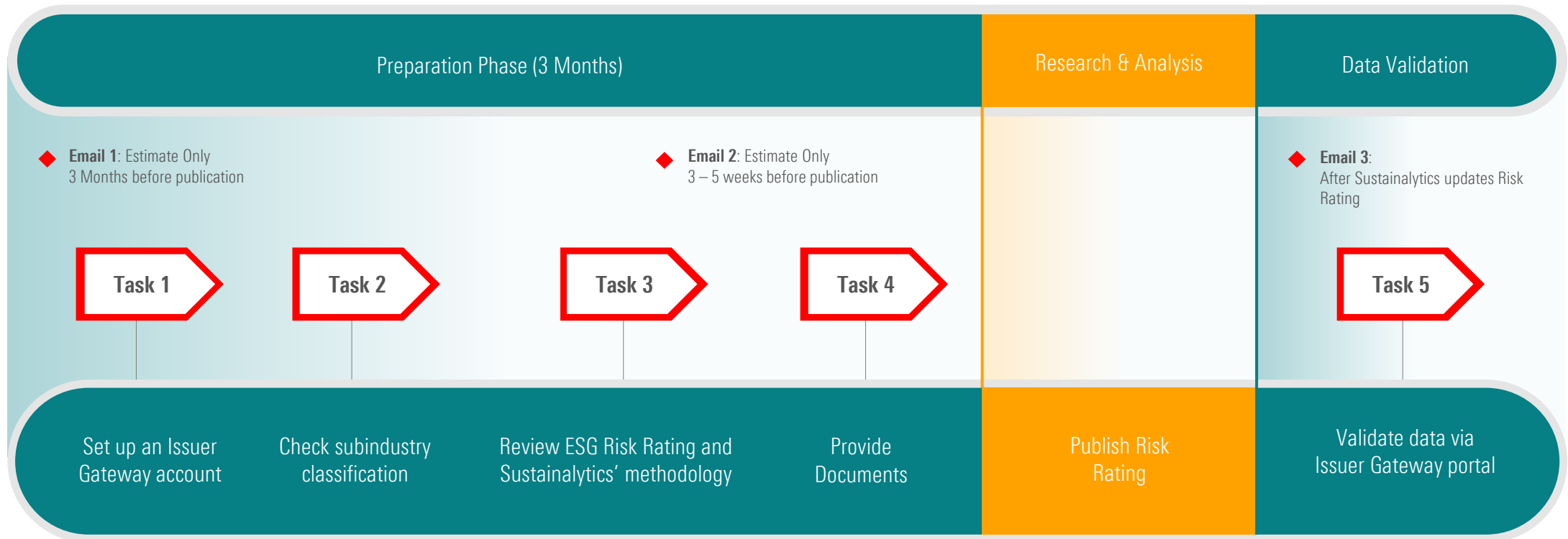
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Preparation

Annual Update Process

What Your Company Needs To Do, and When



Legend

Company's tasks

Sustainalytics' tasks

Task 1: Set Up An Issuer Gateway Account

Access All Key Resources

Use the [Issuer Gateway](#) to access Sustainalytics ESG research on your company.

See the [Knowledge Hub](#) for information resources including:

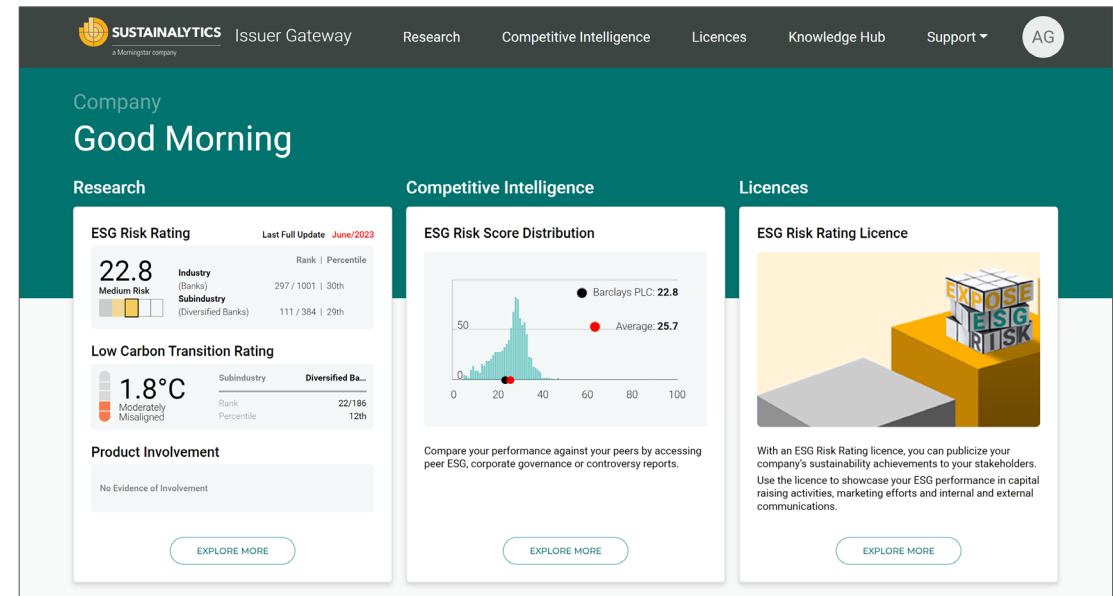
- [ESG Risk Rating FAQ](#)
- [Methodology Abstract](#)
- [Common Documents per subindustry](#)
- [Guidance on Data Validation](#)

Quick Links:

- issuergateway.sustainalytics.com

Contact Sustainalytics with any questions:

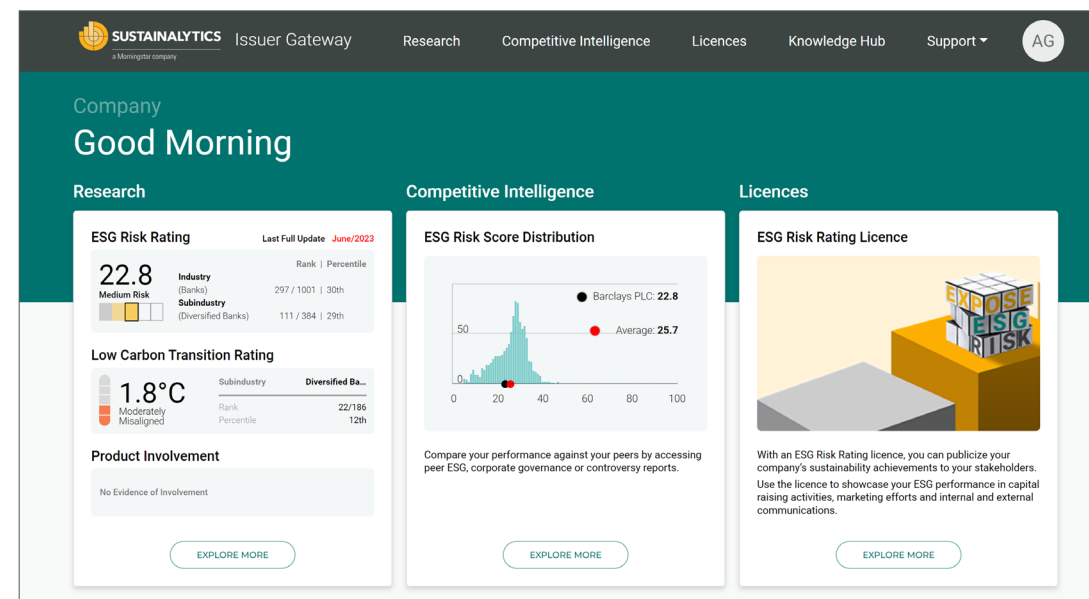
- issuer.relations@morningstar.com



Task 2: Check Subindustry Classification

Contact Issuer Relations Team if Subindustry is Incorrect

- Review ESG Risk Rating details via the Research tab.
- Take note of your company's subindustry classification. Material ESG Issues are assigned at the subindustry level.
- If you believe the subindustry classification is incorrect, provide details using the [Subindustry Review Form](#).
- Email form immediately to: issuer.relations@morningstar.com



Task 3: Review ESG Risk Rating & Sustainalytics' Methodology

Details Available via Research and Knowledge Hub Tabs

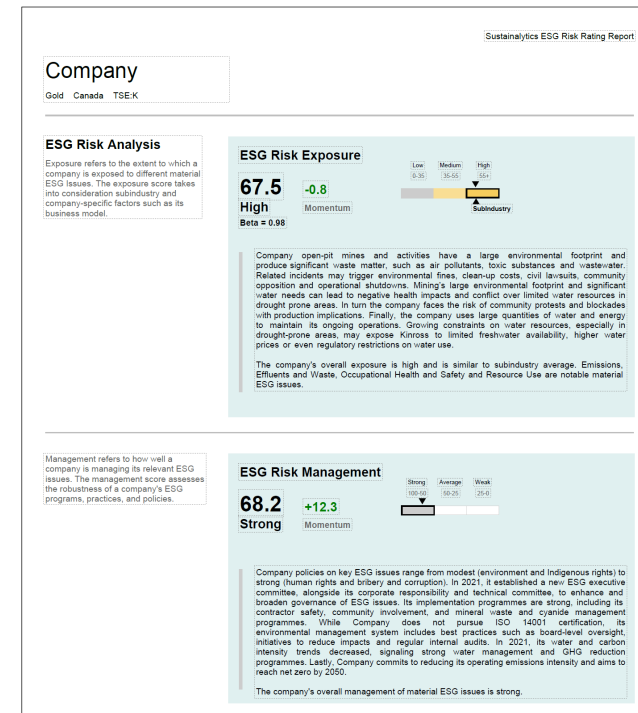
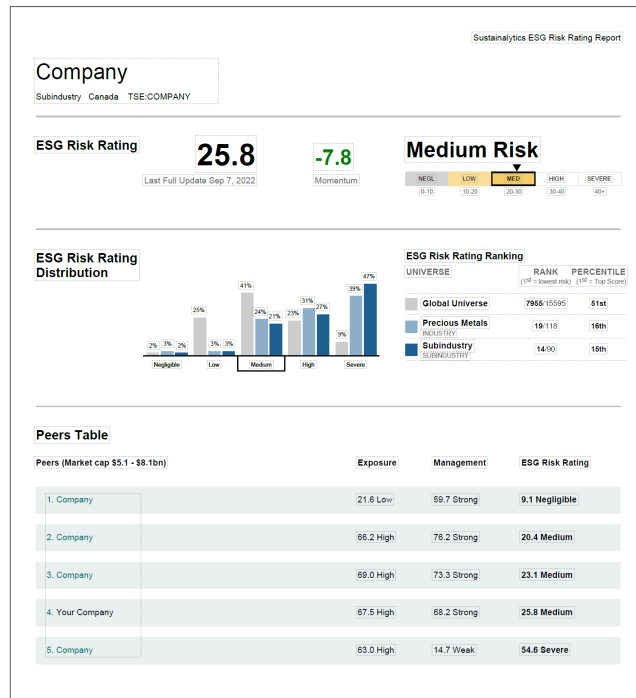
The screenshot displays the Sustainalytics ESG Risk Rating interface. The top navigation bar includes the Sustainalytics logo, 'Issuer Gateway', 'Research', 'Competitive Intelligence', 'Licences', 'Knowledge Hub', 'Support', and a user profile icon 'AG'. The main header area is teal with the text 'Company Research' and a sub-header 'View/comment on available ESG assessments, upload/download documents and view available badges/logos.' Below this, a sidebar on the left lists 'ESG Risk Rating', 'Product Involvement', and 'Documents'. The main content area is titled 'ESG Risk Rating' and features a 'CORE FRAMEWORK' tag and an 'ESG RISK RATING TOUR' button. The central focus is the 'Score and Risk Category' section, which shows a score of 34.8 and a 'High Risk' category. A horizontal bar chart below this shows the risk categories: Negligible (0-10), Low (10-20), Medium (20-30), High (30-40), and Severe (40+). To the right of the score, a text box explains that the company is viewed as high risk due to its medium exposure and average management. Below the score section is a 'LEARN MORE ABOUT OUR METHODOLOGY' button. The 'ESG Risk Rating Distribution' section features a bar chart comparing the company's performance to its industry and subindustry. The legend indicates that the light blue bars represent the Industry (Banks) and the dark blue bars represent the Subindustry (Diversified Banks). The rank and percentile information is as follows:

Category	Rank	Percentile
Industry (Banks)	929 / 1001	93rd
Subindustry (Diversified Banks)	330 / 384	86th

Task 3: Review ESG Risk Rating & Sustainalytics' Methodology

Details Available via Research and Knowledge Hub Tabs

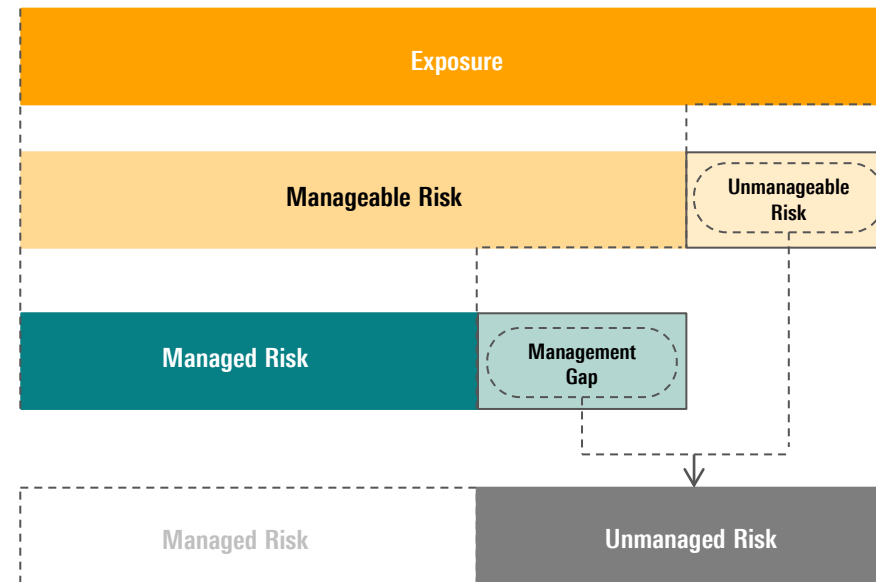
Sustainalytics' ESG Risk Ratings measure companies' exposure to and management of material ESG Issues.



Task 3: Review ESG Risk Rating & Sustainalytics' Methodology

Managed Versus Unmanaged Risk

- Material ESG risk that is inherent to a company (due to the nature of its business) and which cannot be managed. E.g., an oil company will always face risks related to carbon until it changes its business model.
- Refers to the gap between what a company has managed and what a company could possibly manage. This indicates how far the company is from best practice, e.g.,
 - the bribery and corruption policy is light on content.
- ESG Risk Rating evaluates the Unmanaged Risk — the lower the score, the lower likely impact of ESG issues on the economic value of a company.



- A company's sensitivity or vulnerability to ESG risks.
- Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives, e.g., health and safety issues aimed at preventing workplace accidents.
- Material ESG risk that has been managed by a company through suitable policies, programmes and initiatives e.g., health and safety policy is clearly and coherently defined.

Task 4: Submit Documents

Public Documents: Provide Links to New Reports

- To help make the ESG Research annual update more efficient, provide links to new public documents or upload internal (i.e., non-public) documents.
- Morningstar Sustainalytics analysts have likely accessed the annual report and sustainability report via company's website.



- Use the Comments feature in the Issuer Gateway to provide links to all relevant public documents.

- Add relevant page numbers.

- Use the [Knowledge Hub](#) for details on what types of documents are typically useful for each management indicator.
- See list of [common documents \(per subindustry\)](#).

Task 4: Submit Documents

Internal Documents: Upload to the Issuer Gateway

- **Internal Documents**
 - Upload any internal documents to the Issuer Gateway. These cannot be material or confidential.
- How to [Upload Documents](#)
- Morningstar Sustainalytics will review the following types of documents only: **Public; Public – Accessible Upon Request; and Internal.**
- We do **NOT accept Confidential or Material Non-Public Information.**

Type of Documents we DO Accept	Type of Documents we DO NOT Accept
<p>Public Published on the website or as part of a filing available to the public at large.</p>	<p>Confidential Proprietary information, including details relating to business activities and operations, technical information, and trade secrets, that is confidential to its owner at the time of disclosure and should be understood by a reasonable person to be of a proprietary or confidential nature.</p>
<p>Public - Accessible Upon Request Not published on the website, but the company will share the information upon request and without restriction.</p>	<p>Material Non-Public Information This information refers to any information that may have a positive or negative impact on the market price of the company's securities and could be reasonably expected to be considered relevant by reasonable investors in their investment decision-making.</p>
<p>Internal Information not published on the website and which the company may not share. Although this information is not material - i.e., may not affect the price of the securities/ financial instrument - it may, if widely disclosed, commercially affect the issuer.</p>	

Research & Posting of Updated Risk Rating

Research & Analysis

ESG Research Completes Annual Full Review



- During the research and analysis phase, analysts review relevant documentation and update management indicators accordingly.



- After a quality review process, Sustainalytics posts the updated rating to the following three platforms:
 1. [Issuer Gateway portal](#) (used by companies)
 2. [Global Access portal](#) (used by investors)
 3. [Sustainalytics corporate website](#) (summary details only)
- Companies receive an email alert.

Data Validation

Task 5: Data Validation - Management Indicators

Review Management and Event Indicators

Issuer Gateway

- Log into the Issuer Gateway to review the Updated ESG Risk Rating.
- Companies can provide comments on two sets of indicators: Management and Event Indicators.
- See guidance on [Validating Data here](#).

Steps to Submitting Comments on Management Indicators

- In the Research tab, scroll down to the Management Indicators section. Review the data for each indicator.
- If you have a comment, select the Comment button. When done, save all comments, then submit as a batch.
- To submit comments, go to the Support tab, select the Communications Log and submit all comments together.
- Sustainalytics will post a response in the Communications Log. Companies will receive an email notification to view response.

Task 5: Data Validation – Event Indicators

Review Impact of Any Controversial Events on ESG Risk Rating Score

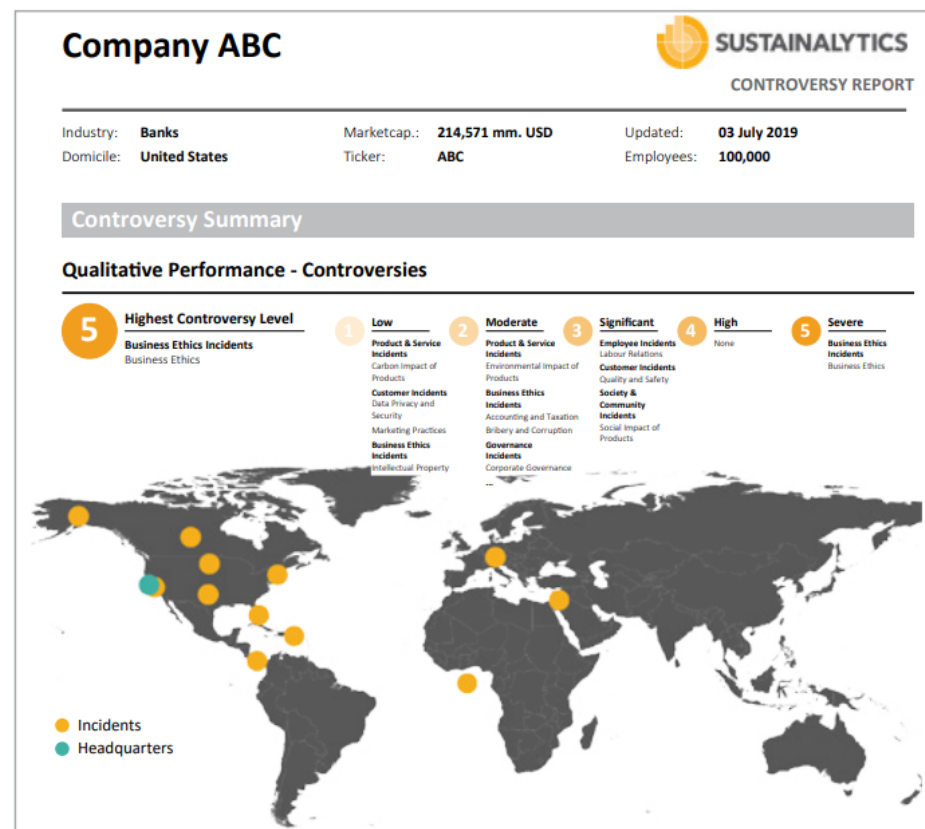


- Companies can view the ESG-related controversial events that impact the Risk Rating score.
- The scoring impact of Events can be viewed online at the end of the Management Indicators section.
- Details on how Event Indicators are scored are available in the appendix of the ESG Risk Rating Report PDF.

Task 5: Data Validation – Event Indicators

Option to Request Standalone Controversy Report; Add Comments to PDF

- For a more detailed assessment, companies can request the standalone ESG Controversy Report. Contact [Sustainalytics' Issuer Relations Team](#).
- After obtaining the Controversy Report (PDF), companies have the option to add comments using the Adobe Acrobat Sticky Notes function.
- After compiling all comments using “sticky notes”, email the Controversy Report (PDF) to issuer.relations@morningstar.com.



Updates Outside of the Annual Update Period

Updates Outside of the Annual Update



- Use the [Issuer Gateway](#) to submit comments or new, relevant documents. Updates will be made according to research capacity.



- Or email questions to: issuer.relations@morningstar.com.

About Morningstar Sustainalytics

Learn more at www.sustainalytics.com or email at contact@sustainalytics.com

Morningstar Sustainalytics is a leading ESG research, ratings, and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Morningstar Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The firm also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices, and capital projects. With 17 offices globally, Morningstar Sustainalytics has more than 1,800 staff members, including more than 800 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com.



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