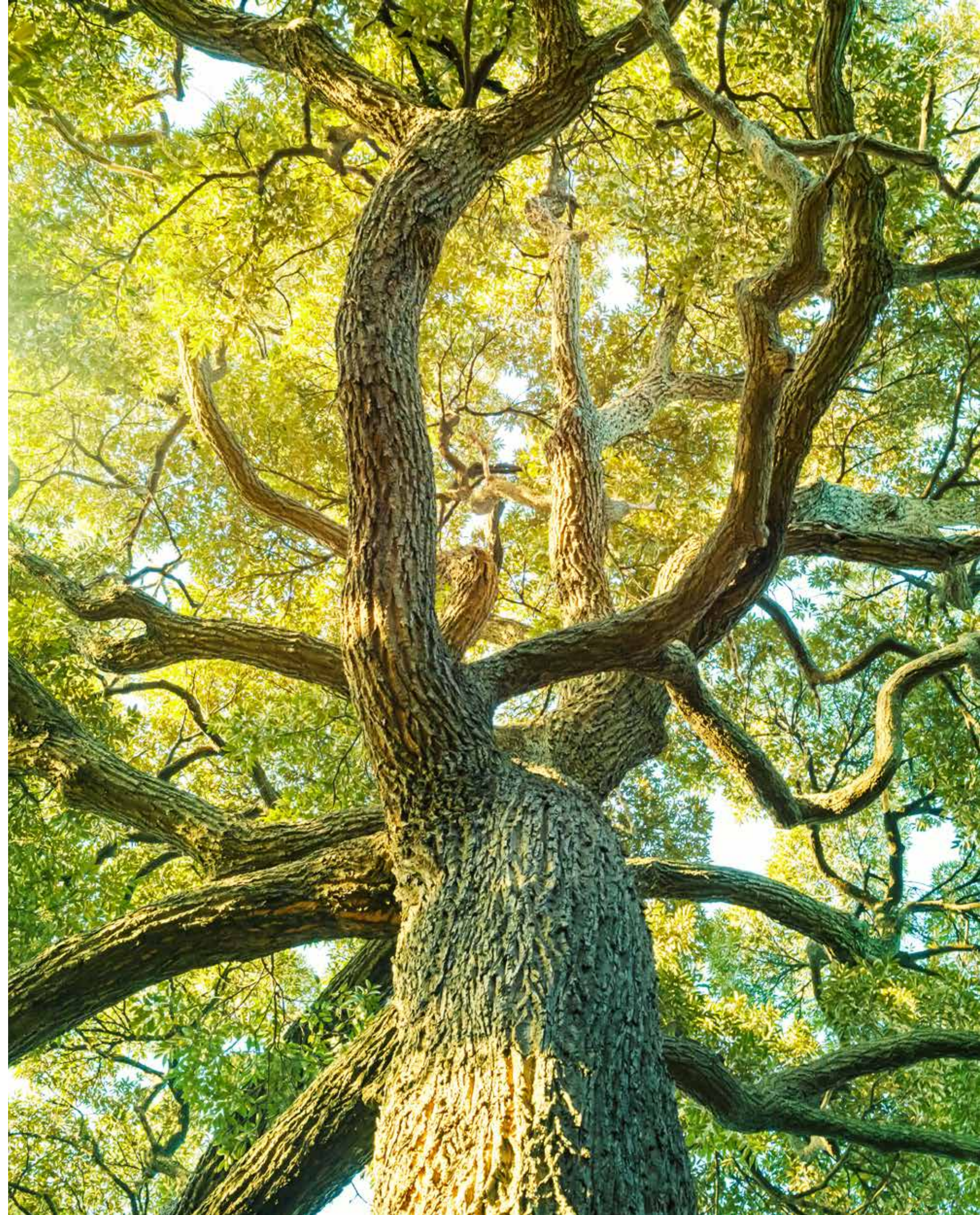


Preparation Guide: **ESG Risk Rating Annual Update**

For Companies Rated Under
the Comprehensive Framework

June 2023



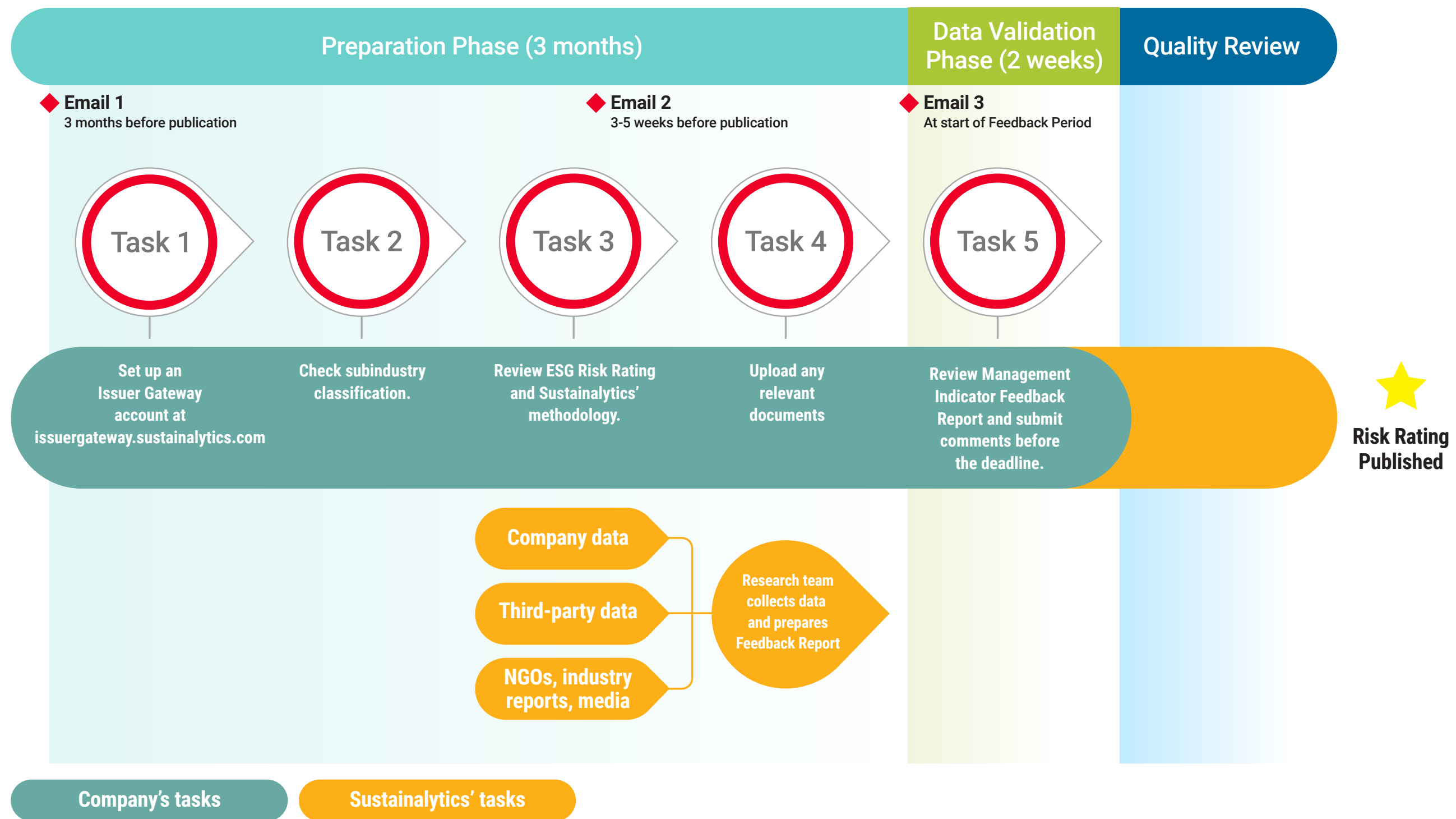
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Annual Update Process

Annual Update Process

What Your Company Needs To Do, and When



Task 1: Set Up An Issuer Gateway Account

Access All Key Resources

Use the Issuer Gateway to access Sustainalytics ESG research on your company including:

- **ESG Risk Rating**
- **FAQ and methodology** documents via the Knowledge Hub
- **Management Indicators Feedback Report** (during annual update cycle).
- **Management Indicators Response Template**

Quick Links:

issuergateway.sustainalytics.com

Contact Sustainalytics with any questions:

issuer.relations@morningstar.com

The screenshot displays the Morningstar Sustainalytics Issuer Gateway interface. At the top, the navigation bar includes 'SUSTAINALYTICS Issuer Gateway', 'Research', 'Competitive Intelligence', 'Licences', 'Knowledge Hub', and 'Support'. The main content area is divided into three columns:

- Research:** Features an 'ESG Risk Rating' card with a score of 16.4 (Low Risk), a 'Low Carbon Transition Rating' of 1.7°C (Moderately Misaligned), and a 'Product Involvement' section showing 'No Evidence of Involvement'.
- Competitive Intelligence:** Displays an 'ESG Risk Score Distribution' histogram comparing the company's score (16.4) against the industry average (25.2).
- Licences:** Promotes an 'ESG Risk Rating Licence' with an illustration of blocks labeled 'EXPOSE ESG RISK' and text explaining how the licence can be used to publicize sustainability achievements.

Each card includes an 'EXPLORE MORE' button.

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, immediately contact: **issuer.relations@morningstar.com**

The screenshot displays the Morningstar Sustainalytics Issuer Gateway interface. The navigation bar includes 'Research', 'Competitive Intelligence', 'Licences', 'Knowledge Hub', and 'Support'. The main content area is divided into three columns: Research, Competitive Intelligence, and Licences.

Research Column:

- ESG Risk Rating:** 16.4 (Low Risk). Date of Last Annual Update: Oct/2022. Rank: 22 / 297 | 8th. Percentile: 11 / 89 | 12th. Industry: (Insurance). Subindustry: (Life and Health Insur...).
- Low Carbon Transition Rating:** 1.7°C (Moderately Misaligned). Rank: 3/45. Percentile: 6th.
- Product Involvement:** No Evidence of Involvement.
- EXPLORE MORE** button.

Competitive Intelligence Column:

- ESG Risk Score Distribution:** Histogram showing peer performance. Company Name: 16.4. Average: 25.2.
- Text: Compare your performance against your peers by accessing peer ESG, corporate governance or controversy reports.
- EXPLORE MORE** button.

Licences Column:

- ESG Risk Rating Licence:** Illustration of blocks with 'EXPOSE ESG RISK' text.
- Text: With an ESG Risk Rating licence, you can publicize your company's sustainability achievements to your stakeholders. Use the licence to showcase your ESG performance in capital raising activities, marketing efforts and internal and external communications.
- EXPLORE MORE** button.

Task 3: Review ESG Risk Rating & Sustainalytics Methodology

Access via the Research Tab in the Issuer Gateway

The screenshot displays the Morningstar Sustainalytics ESG Risk Rating interface. The navigation bar at the top includes 'MORNINGSTAR SUSTAINALYTICS', 'Issuer Gateway', 'Research' (highlighted), 'Competitive Intelligence', 'Licences', 'Knowledge Hub', and 'Support'. The main header area shows 'Company Name' and 'Research' with a sub-header 'View/comment on available ESG assessments, upload/download documents and view available badges/logos.'

The main content area is titled 'ESG Risk Rating' and includes a 'COMPREHENSIVE FRAMEWORK' tag and an 'ESG RISK RATING TOUR' button. The 'Score and Risk Category' section shows a score of **13.0** and 'Low Risk'. A risk scale is displayed below, with 'Low' highlighted. The scale ranges from 0-10 (Negligible) to 40+ (Severe). The 'ESG Risk Rating History' section notes that a historical score graph will be displayed after two annual updates.

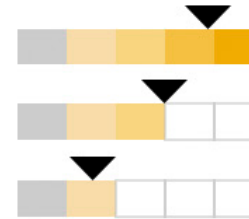
The 'Need Help?' button is located in the bottom left corner of the interface.

Task 3: Review ESG Risk Rating & Sustainalytics Methodology

Introducing Sustainalytics' ESG Risk Ratings

For more detail, [click here](#) to access Sustainalytics' ESG Risk Ratings Methodology Abstract.

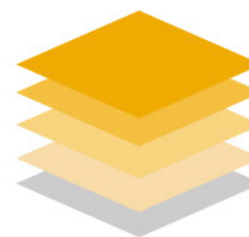
Sustainalytics' ESG Risk Ratings measure companies' exposure to and management of material ESG Issues.



The rating measures and tabulates the unmanaged risks of a company vis-à-vis a set of ESG issues that are considered material from a financial perspective.



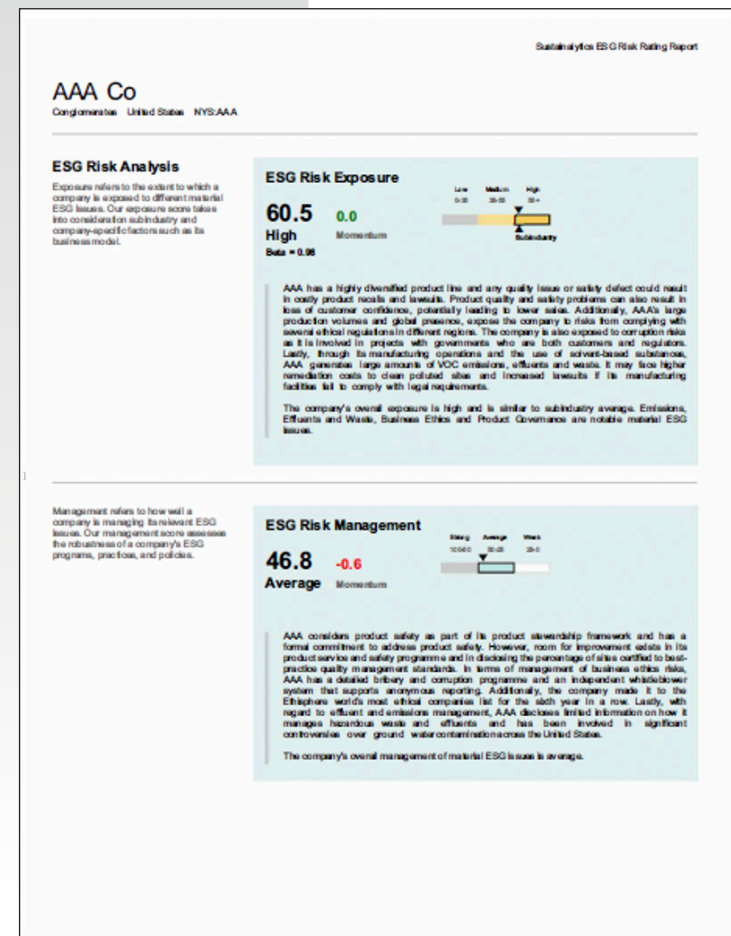
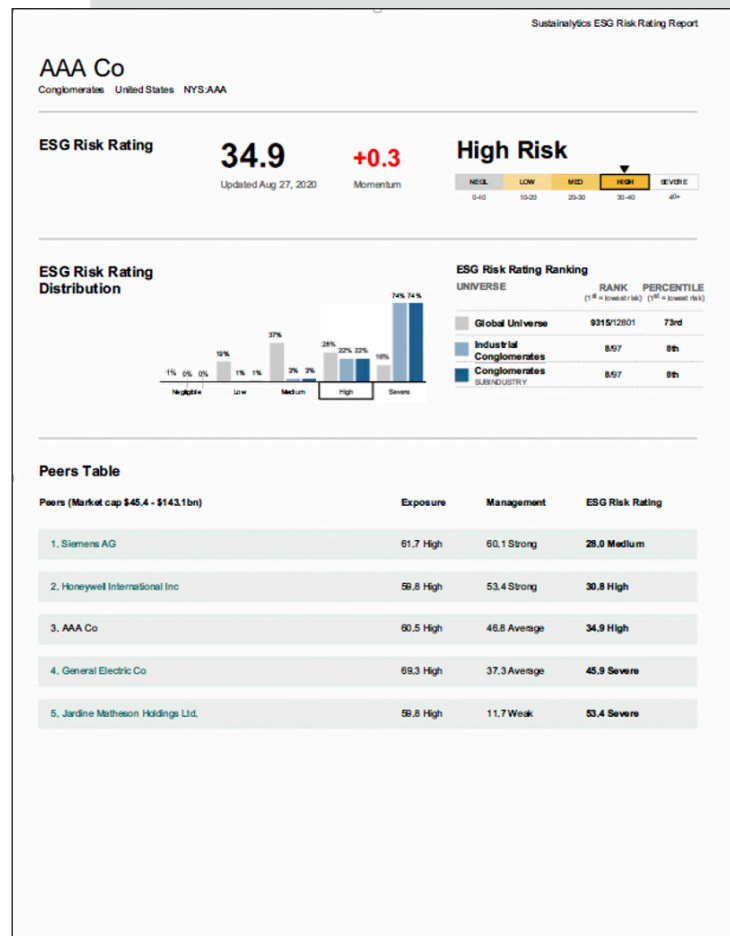
Companies are exposed to various ESG issues to different degrees. Their exposure is driven by subindustry and company-specific factors.



An ESG issue is considered material if the company is sufficiently exposed to this issue. Corporate Governance is considered to be material for all companies.



Companies are allocated across five risk rating categories (negligible, low, medium, high, and severe risk).



Task 3: Review ESG Risk Rating & Sustainalytics Methodology

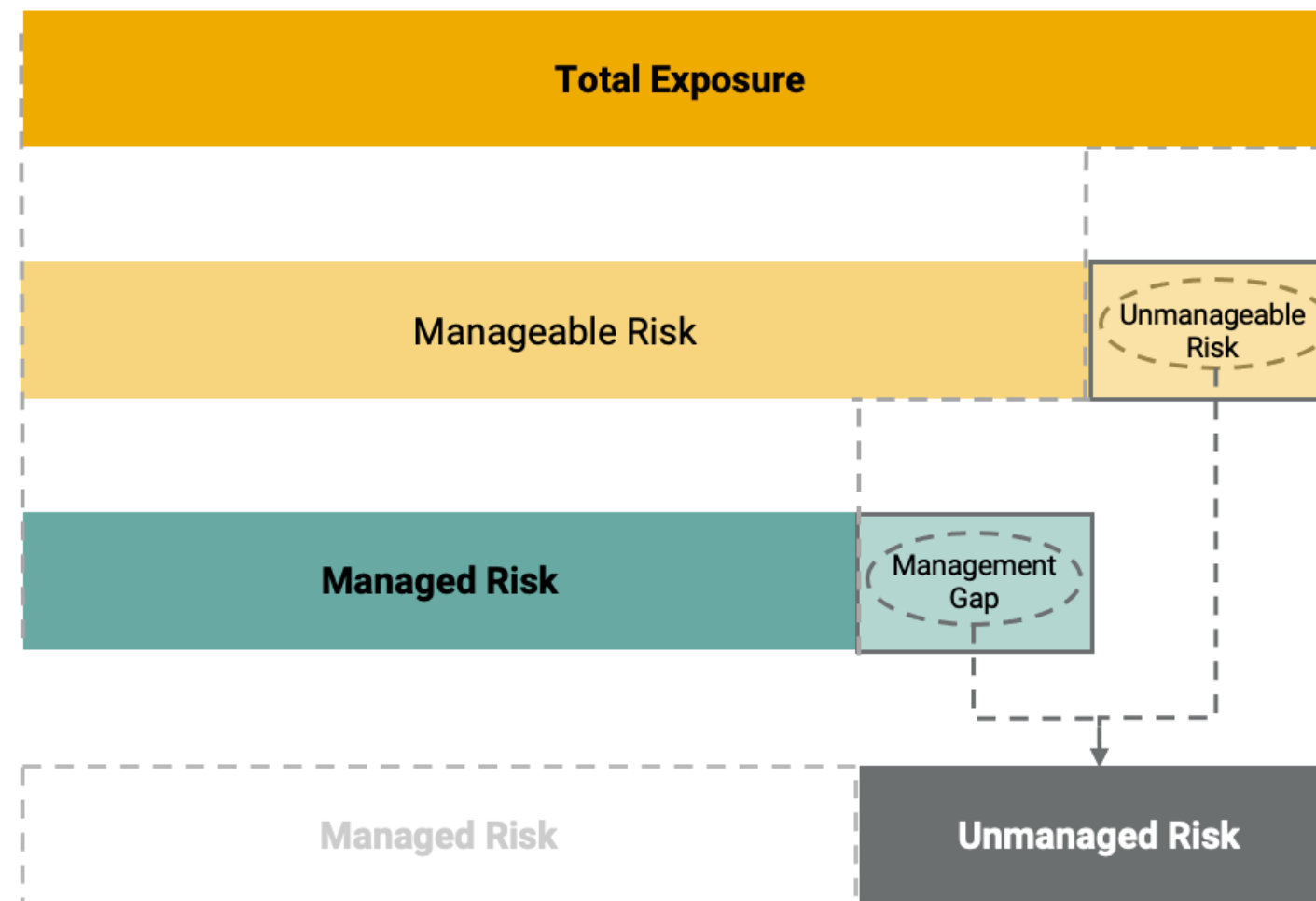
For more detail, [click here](#) to access Sustainalytics' ESG Risk Ratings Methodology Abstract.

Managed Versus Unmanaged Risk

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.



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.

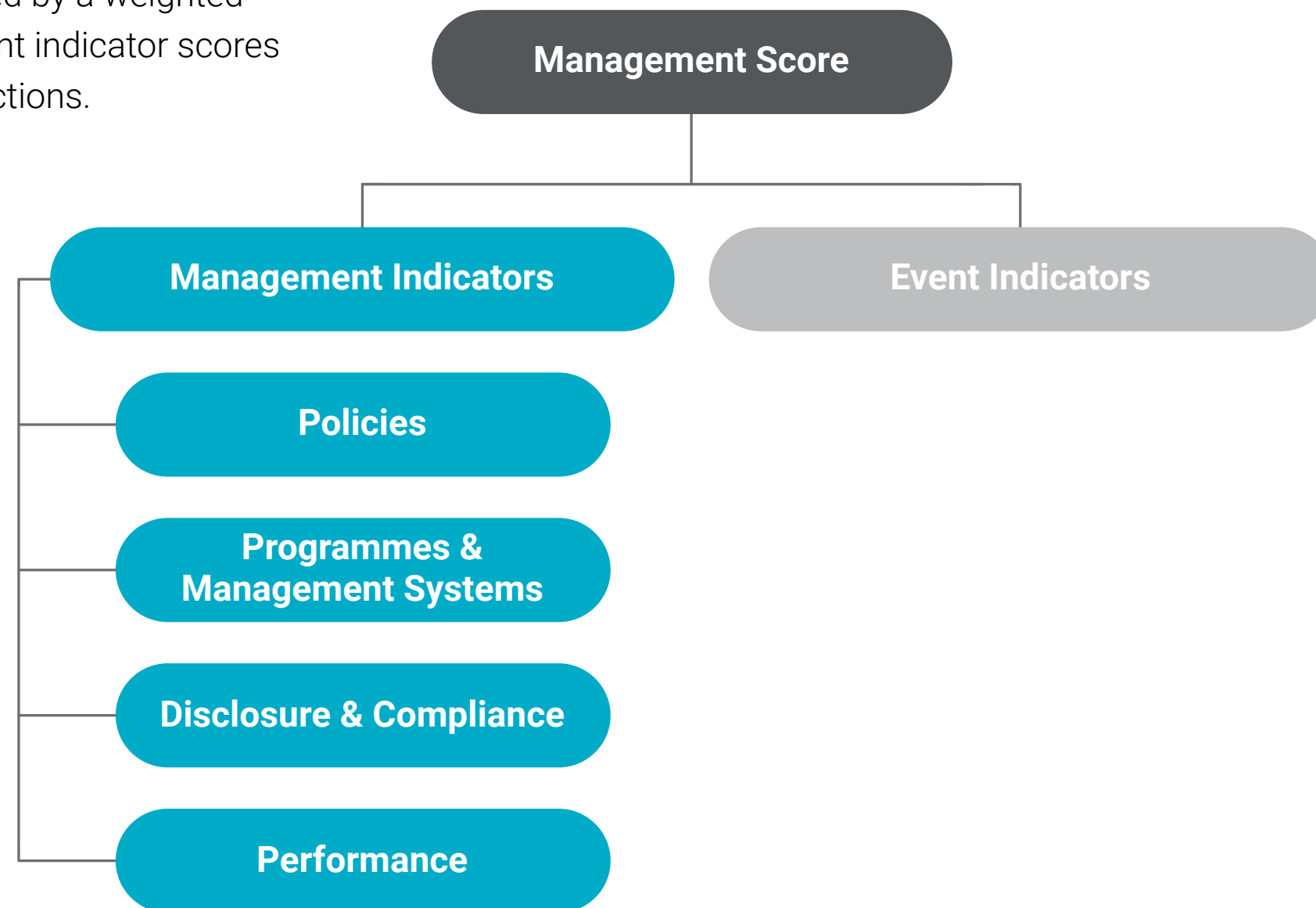
ESG Risk Rating evaluates the Unmanaged Risk – the lower the score, the lower likely impact of ESG issues on the economic value of a company.

Task 3: Review ESG Risk Rating & Sustainalytics Methodology

Assessing Management Performance

For more detail, [click here](#) to access Sustainalytics' ESG Risk Ratings Methodology Abstract.

The Management Score for each material ESG issue is determined by a weighted average of management indicator scores and event-driven deductions.



Business Ethics

G.1.1 - Bribery & Corruption Policy

25 Raw Score	3.75% Weight	0.9 Weighted Score
------------------------	------------------------	------------------------------

The company has a weak policy or a general statement addressing the issue

Criteria

- Criteria
- Definition of bribery or corruption
- Definition of conflicts of interest and commitment to minimize these
- Definition and prohibition of facilitation payments
- Guidelines of what is considered acceptable behavior
- There is no evidence of a formal policy but the company has a general statement addressing the issue

Sources

Email: FCA provided comments/feedback on 12/06/2018

FCA Anti-Corruption Guidelines, updated February 2018

FCA Code of Conduct, issued February 2018

The updated ESG Report was sent by email to FCA Sustainability Team on 24/04/2019

Task 4: Submit Documents

How to Gather and Organize Documents for the Process



Public Documents

- Provide links to all relevant public documents.
- TIP: Create an itemized list: Include indicator names and cite relevant page numbers.
- Email list to:
Issuer.Relations@morningstar.com



Non-Public Documents

- Upload any non-public documents to the Issuer Gateway. These must not be material or confidential.
- TIP: How to **Upload Documents**
- See list of common documents (per subindustry)



Two-Week Deadline

- Email **links to public documents** and upload **non-public documents** within two weeks of receiving notification that the update process is about to commence.

SAMPLE LIST

LINK	INDICATOR(S)	PAGE NUMBER(S)
https://assets.contentstack.io/v3/assets/blt4eb669caa7dc65b2/blt7ae6d78e34f90570/2022_Corporate_Sustainability_Report.pdf	Human Capital	Pgs. 31-53, 83-91

Research and Analysis

Research and Analysis

Includes Public Disclosure and Any Internal Documents



During the research phase analysts will review all publicly available documents and any internal documents provided by an issuer.

Data Validation Phase

Task 5: Participate in the Data Validation Phase

Review the Management Indicator Feedback Report



The Data Validation Phase is a *two-week window of opportunity** for companies to review their **Management Indicator Feedback Report** and validate the data Sustainalytics has assessed in preparation to update a company's ESG Risk Rating.



Please note, Sustainalytics **cannot** share the future weights, weighted scores of management indicators, or the impact of the updated management indicator scores on overall MEI scores until the final update is officially posted.



Other Reports Related to Risk Rating: If a company wishes to review and comment on the Corporate Governance Material ESG Issues (MEIs) and Events, please request the Corporate Governance Report and the Controversies Report. Contact **issuer.relations@morningstar.com**.

* Note: there may be circumstances where a short extension can be granted. If you believe your company requires an extension, please contact Issuer Relations.

Task 5: Participate in the Data Validation Phase

About the Management Indicator Feedback Report



What is it?

The Management Indicator Feedback Report is a draft report. Sustainalytics research analysts have scored your company's management performance indicators* and added a preliminary assessment. These score changes will be reflected in the full update of the ESG Risk Rating Report.



Where do you access the report?

In the Issuer Gateway, download the Feedback Report (PDF) and accompanying Response Template (Excel):


- Go to Research tab. See Documents section.
- Go to Downloads: Access the Feedback Report and Response Template.

To validate the data, follow the instructions outlined in the Management Indicator Response Template.

*Excludes corporate governance indicators and events.

Task 5: Participate in the Data Validation Phase

Use the Management Indicator Response Template



Management Indicator Response Template

Instructions: Enter your **company name**, the **date**, and select your **subindustry**. For each comment, please follow these steps:

1. Find the **Indicator Code** in column C or the **Indicator Name** in column D. If the **Indicator Code** is not listed, use the **Additional Responses** tab to enter additional comments.
2. Enter your **comments** in column K (per indicator or criteria)
3. If you are providing **additional new documents**, please specify the document title in column H (the document should be uploaded to the Issuer Getaway Portal)

Company Name:

Review Date:


Company Subindustry: Clear to identify a new classification.

Legend:

- Management Indicator Row
- Tick Box Criteria Row
- (R) Read-Only Column

How to submit comments:

Enter your comments in the "Company Comment" column



Company's Comments

Management Indicator Code (R)	Management Indicator (R)	Tick Box Criteria (R)	Management Indicator Description (R)	Management Indicator Details (R)	Additional New Documents (Up to 10)	Company Comment
E.1.1	Environmental Policy		This indicator assesses a company's commitment to manage its operations with a view to prevent, reduce or mitigate any harmful effects on the environment and natural resources.	The indicator assesses a company's commitments to protect the environment. The highest weighting is given for commitments to follow a precautionary approach to environmental issues, create environmental awareness, implement an environmental management system, and reduce the use of natural resources, waste, emissions and releases. Additionally, lower weighting is attributed for committing to monitor and report on environmental Key Performance Indicators and consult with external stakeholders on environmental issues.		
E.1.1	Environmental Policy	Approved by senior management or the board of directors				
E.1.1	Environmental Policy	Commitment to consult with stakeholders on environmental issues				
E.1.1	Environmental Policy	Commitment to create environmental awareness				

Task 5: Participate in the Data Validation Phase

Important Reminders



Deadline. Your company will have a **two-week period** to review the Management Indicator Feedback Report and validate the data.



Documentation. For guidance on what to consider when providing supporting evidence for your company's assessment, refer to the document guidance in the [Knowledge Hub](#).

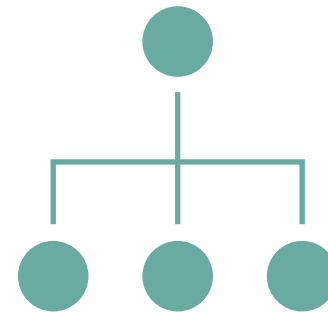
Please refer to the protocols on submitting new documents during the assessment (next slide). We may not accept new documents in certain cases.

Task 5: Participate in the Data Validation Phase

Additional Documents During Data Validation – Up to 10 Additional Documents; Specify indicators and Page Numbers



During the Data Validation phase, your team can provide up to **10 additional documents**.



You must specify which indicators these supporting documents refer to.



You should identify the document's relevant page number(s) as guidance for the analyst to refer directly to the page(s).

Document Guidance



If you still have questions after reviewing the information provided via the Issuer Gateway/Knowledge Hub, you may email questions to issuer.relations@morningstar.com. If necessary, we can arrange a call with the Issuer Relations team and/or the Research Team.

Quality Review Period

Quality Review

Access Updated Rating, All Details Via Issuer Gateway Portal



Once the final quality checks are completed, Sustainalytics will make the rating available to our clients in the Institutional Investment community and on the **Issuer Gateway**, our dedicated ESG research portal for companies.

Sustainalytics also posts a summary of each rating (public companies) to the **corporate website**.

Contacting Sustainalytics

What You Can Expect When You Contact Us

Our Response Times Depend on the Type of Inquiry and the Research-Process Stage

Type of Inquiry	Estimated Response Time
1. You submit comments during the Data Validation phase.	We aim to process and respond to comments within three weeks.
2. You submit comments on Management Indicators AFTER the updated ESG Risk Rating is posted.	The Research team will review your comments and prioritize according to their schedule. This is at the team’s discretion.
3. Correction of errors: A comment that identifies a factual error, based on evidence that was available during the research period.	We aim to rectify any factual errors within two weeks.

Have any questions? [Explore the FAQ](#) and other resources on the [Knowledge Hub](#).

For questions on any other issues or topics that we do not cover within these information resources, please reach out to issuer.relations@morningstar.com and we will make every effort to respond to you promptly.

Contacting Sustainalytics About Our Research Throughout the Year

Risk Rating, Corporate Governance, Controversies



You can review the Risk Rating, Corporate Governance and Controversies reports at any time throughout the year. To access the Corporate Governance and Controversies reports, contact **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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